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NEWS SUMMARY

GENERAL

Bani-Sadr 'trial' to start Saturday

Iran's Majlis (Parliament) agreed to begin impeachment proceedings against President Bani-Sadr on Saturday.

The debate, marked by many personal attacks on the President, reflected the majority's clear desire for proper proceedings.

The President and his supporters will be given five hours to state their case, as will their opponents. Back Page

Anti-TU law call

The CBI is to call for laws to abolish the closed shop and introduce legal enforceability for disputes procedures. Back Page

Heathrow strike

Heathrow airport is likely to be severely disrupted today by air traffic controllers' continued action over pay. All-out action vote, Page 10

Building collapse

Three were trapped when a building collapsed on a Glasgow barber's shop. Ambulance workers left their picket to help in the rescue.

Trial adjourned

A judge granted an adjournment in the trial of four Polish nationalist dissidents to allow lawyers more time to prepare. Little joy for Moscow, Page 2

T rin sentences

A Turin court sentenced 62 Red Brigade guerrillas to jail terms of between four and 17 years. Eleven defendants were acquitted.

Penalty vote

The European Parliament is set to vote today for abolition of the death penalty in the EEC. Pressure for a single home, Page 3

'State slanderer'

Viktor Brailovsky, a leading Jewish activist, went on trial in Moscow charged with slandering the state.

'Find builder'

A Birmingham coroner offered a reward for tracing the builder who installed a dangerous water heater in the home of a woman who died in her bath.

Metal theft

Parcels of gold, silver and palladium worth $3m (£1.5m) were stolen from an unguarded delivery van at Geneva airport.

Raiders foiled

Raiders dumped a strong box containing £20,000 near Welwyn Garden City after it belched red smoke and started to whine as they tried to open it.

Yachts damaged

Three yachts sank and seven others were damaged by fire after an explosion at Chichester Yacht Basin.

Islamic amnesty

Nearly 500 Iranian convicts were released to mark the birthday of the 10th century Imam Mahdi. Some 80 others will be married in jail.

Churned up

An Oakington goat farm's milk yield was halved after five army paras were blown off course and dropped in.

Briefly...

New York spent $300,000 (£150,187) on 1,400 police to guard Prince Charles.

Replica gun sales have been stopped by Sugg's sport shop chain.

Spanish divorce bill was passed by the senate. Franco rescinded divorce law in 1939.

Spire of Kirkwall's 800-year-old cathedral is deteriorating and may have to be removed.

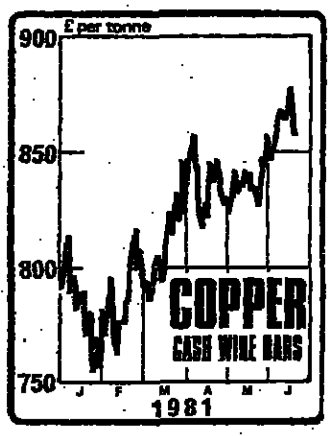
BUSINESS

Equities off 6.6; copper eases

● EQUITIES fell amid fears that a BP cash call was imminent. The FT 30-share index fell 6.6 to 544.8. Page 40

● GILTS lost ground, with the Government Securities Index off 0.03 at 66.67. Page 40

● COPPER prices eased after news that a strike at a Chile



smelter is due to end this week. Cash wirebars fell £5.25 to £858.25 a tonne. Page 39

● STERLING closed at $1.9975 ($1.9960), DM 4.6925 (DM 4.6850) and FFr 11.14 (FFr 11.1525). Its trade-weighted index fell to 95.6 (95.7). Page 30

● DOLLAR closed at DM 2.3480 (DM 2.3460), SwFr 2.0460 (SwFr 2.0490) and Y220.25 (Y220.1). Its trade-weighted index was 107.2 (107.4). Page 30

● GOLD fell $1 in London to $461.5. Page 30

● WALL STREET was down 3.23 at 1,000.10 near the close. Page 31

● OECD ministerial meeting ended with Western industrialised nations divided over policies to deal with the international economic crisis. Page 2

● MEXICO plans to raise its oil prices next month and is threatening to cut off clients unwilling to pay the extra. Page 6

● PRIVATE SECTOR should do more research and development work on products bought by the public sector, the Government said. Page 8

● UK STEEL stockholders, regarded as a key indicator in the economic cycle, said they could see no sign of an upturn in economic activity. Page 8

● AKROYD AND SMITHERS, the jobbing firm, is about to start a legal battle over the £1.87m which it lost in the collapse of brokers Hedderwick Stirling Grumbar. Page 8

● ICI made a new pay offer of 8.5 per cent to its manual workers. Backing for local campaigns, Page 10

● ASSOCIATED British Foods will spend £30m on investment in grain processing and handling at Corby and East Anglia. Back Page

● NATIONAL BUS COMPANY made a net loss last year of £11.8m after tax and interest payments, against a £6.2m net surplus. Page 7

● JOHNSON MATTHEY, platinum, gold and silver refiner, raised its pre-tax profits by £6.98m to £45.6m in the year to March 31. Page 24

● TESCO Stores (Holdings) recovered in the second six months to report pre-tax profits of £35.59m (£36.53m) for the 53 weeks to February 28. Page 24; Lex Back Page

● SWEDISH MATCH, the diversified industrial group, reported earnings down by SKr 50m to SKr 13m (£1.29m) in the first four months of this year. Page 28

● BAT INDUSTRIES chairman Sir Peter Macadam said attributable net profits would rise this year if present exchange rates still held at the end of 1981. Page 26

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Alpine Soft Drinks	146	+ 8
Bakers Hhld. Stores	158	+ 10
Bowthorpe	180	+ 6
British Vending	20	+ 2½
Camrex	48	+ 4
Dawson Int.	190	+ 14
Dewhirst (I. J.)	80	+ 7
Dufay Bitumastic	47	+ 4
E'pean Frrs. New	50pm	+ 4
First Nat. Finance	32	+ 3
Flight Refuelling	375	+ 12
Inter-City Invs.	19	+ 2½
Johnson Matthey	285	+ 15
Marshalls Universal	80	+ 8
Pauls and Whites	149	+ 4
Tesco	65	+ 4
Candecca	180	+ 8
Anglo Am. Inv.	£44½	+ ½

FALLS		
Commercial Union	160	− 5
GEC	673	− 7
Midland Bank	335	− 13
Novo Inds. B	£111½	− 10½
Phoenix Assurance	282	− 6
Royal Bk. Scotland	182	− 4
Royal Insurance	382	− 10
Standard Chartered	655	− 20
BP	348	− 8
Durban Deep	886	− 37
Western Deep	£20⅝	− ⅞

Ministers approve broad thrust of economic strategy

BY RICHARD EVANS AND PETER RIDDELL

MRS THATCHER secured Cabinet approval yesterday to continue the broad thrust of the Government's economic strategy. But it was given only after some ministers had warned about recovery prospects before the next election.

The outcome of the special meeting, conceded by Mrs Thatcher after pressure from critics, gives the Prime Minister and Sir Geoffrey Howe, the Chancellor, a further breathing space to produce evidence that their economic strategy is beginning to work.

The absence of any significant revolt or change of direction was expected in view of the limited room for manoeuvre. The key decisions, principally on public spending, will not be taken until late summer or early autmun.

Notice was, however, given by at least six Cabinet sceptics that they intend to present a united front against any Treasury attempt to impose further substantial cuts in public spending in the 1982-83 financial year.

These ministers are likely to increase pressure in the autumn for expansionary measures to produce an effect on output and, in particular on unemployment, well before the next election.

So many ministers were concerned at the youth unemployment level and its social effects that further measures, now in the pipeline, are to be speeded and extended.

Some Cabinet sceptics admitted that the two-hour meeting had been bland and low key and had left the strategy unscathed. But they pronounced the result a draw rather than a victory for Mrs Thatcher and her Treasury team.

In their opinion the key outcome was the full Cabinet's acceptance that, after the reduction of inflation, measures to alleviate unemployment

Output stabilises, Page 8
Economic Viewpoint, Page 23
Earnings fall in real terms, Back Page

should have top priority over further cuts in taxation.

The Treasury regards this as a distinction without a difference. Economic ministers appear content with the meeting since backing was given for the priority of fighting inflation and, as a key means, containing of public expenditure. This is seen as the prerequisite of any revival in the private sector and any reduction in unemployment.

The Treasury seems to be taking a more low-key approach than previously on public spending, partly in order to dampen criticism from spending ministers. In his 15-minute opening presentations, complete with graphs, Sir Geoffrey insisted more cuts were necessary in the forthcoming review.

The impression is being given that this need not mean huge cuts from existing planned levels of expenditure. There is a desire for cuts partly to permit a cut in income tax next year.

The Treasury's critics in the Cabinet concluded that Sir Geoffrey's approach represented a significant backdown from the aggressive threats made by the Treasury earlier in the year.

The Treasury view is that, while savage cuts are not in prospect, it is necessary to prepare options now.

Overall, sizeable cuts in some programes may be necessary to permit both a redistribution in favour of public sector capital investment—as favoured by several ministers—and some reduction in total expenditure. Increased spending on existing programmes may also have to be offset. The size of such cuts will be determined in the autumn.

Yesterday's meeting clears the way not only for these spending decisions but also for Treasury moves before the summer holidays to intensify pressure for lower pay rises in the wage round starting in the early autumn.

After yesterday's discussions, ministers are expecting further Cabinet meetings, probably in September and November on public spending, in February ahead of the spring Budget and in June on a review of the strategy. The June meetings would

Continued on Back Page

BP and Shell to cut their tanker fleets

BY ANDREW FISHER, SHIPPING CORRESPONDENT

BRITISH PETROLEUM and Royal Dutch-Shell announced sharp cuts in their tanker fleets yesterday as a result of declining world demand for oil.

Both companies have reacted to the recent depression in the oil market and the surplus of tanker tonnage by deciding to sell ships and lay off crews.

BP has already sold five ships this year and has one on the market. Among those sold were two VLCCs (very large crude carriers) of about 220,000 deadweight tons each.

The group intends to sell six more ships, bringing its total fleet down to 46. Mr Ronald Ilian, managing director of BP's shipping division, said more disposals were possible.

From Rotterdam, Shell Tankers BV said it planned to shed nearly a third of its tanker fleet of 35 in the next few years. Most of the reduction will involve VLCCs, now uneconomic because of weaker world oil demand.

This year, said Mr Ilian, BP faced shipping losses "running into many millions of pounds, and we have to do something about it."

There were losses on its own trading and on cargoes carried for other companies and charterers, accounting for a large proportion of BP shipping business.

BP made an overall net profit of £395m in the first quarter of 1981, down by over 20 per cent on the same period of last year due to the slump in oil and chemical business and increased taxes.

The tanker troubles facing both Shell and BP also reflects the surge in worldwide new tanker ordering in the late 1960s and 1970s. The increasing fragmentation of the oil market and growth of independent traders has made many of today's VLCCs obsolete.

BP has been hampered by lack of access to cheaper Saudi Arabian oil. A large amount of its crude supplies come from the U.S. and the North Sea.

The proposed tanker sales by Royal Dutch-Shell, 60 per cent Dutch-owned and 40 per cent UK, follow a decision on cuts at the UK end a few months ago.

It planned to make more than 200 officers redundant, having put two VLCCs on the market.

BP's intentions would mean a loss of jobs for 230 UK officers, 370 UK ratings and a comparable number of Indian crew.

Reacting to this, the Merchant Navy and Airline Officers' Association said that it was "appalled and dismayed" at the lack of consultation.

It will ask BP today to bring UK crews on to its 13 foreign-crewed ships.

At the start of 1981 the Shell group's total tanker fleet was

Continued on Back Page
BP: the North Sea backfires, Page 22

Brazilians settle in Sasse affair

BY JOHN MOORE

A KEY CHAPTER in the biggest scandal in the 300-year history of Lloyd's, the London insurance market, has ended. After almost four years of arguments and legal action, Instituto de Resseguros do Brasil, the Brazilian reinsurance institution, has agreed in principle with Lloyd's to pay $7m (£3.5m) towards the record £21.5m losses of the Sasse underwriting syndicate.

The Sasse affair was the first in a recent run of scandals at Lloyd's and contributed to Lloyd's seeking to reform its methods of operation.

The Sasse syndicate was suspended at the end of 1977 when it became clear that it had a solvency problem and could not recover its reinsurance claims from the Brazilian reinsurance institution.

The syndicate hoped to recover $13m from the Brazilians under a reinsurance programme to meet its losses, which rose rapidly.

But the Brazilians refused to pay and the syndicate has been taking legal action against them since 1978 to recover the claims.

Members of the 110-strong syndicate, who came under financial pressure because they have to meet insurance losses from their own pocket, sued Lloyd's for alleged broken rules and breach of duties.

Because Lloyd's admitted that the syndicate members "had justifiable grounds for complaint," the rest of the Lloyd's market helped to meet the bulk of the Sasse losses last July.

The syndicate has been under the management of the corporation of Lloyd's for some time. The settlement with the Brazilians has been reached through the personal intervention of Mr Peter Green, Lloyd's chairman.

He had a series of meetings over recent months with Mr Ernesto Albrecht, president of the Brazilian group, in an effort to reach a settlement.

Now Lloyd's and the Brazilians may take legal action jointly against others involved in placing the loss-making U.S. and damage to property insurances with the Sasse syndicate.

Lloyd's annual meeting, Page 8


Terry Kirk

Mr Suzuki and Mrs Thatcher outside 10 Downing Street before their talks

Japan gives EEC assurance on trade

BY DAVID DODWELL IN LONDON AND JOHN WYLES IN BRUSSELS

THE JAPANESE Government yesterday announced measures to placate the EEC over its soaring trade surplus with the Community and to consolidate its political links with EEC members.

In Brusels, Mr Rokusuke Tanaka, Japan's Foreign Trade Minister, offered assurances that car shipments to the Community would be held near 1980 levels. He said he would call on Japan's private sector to step up imports of Euroepan manufactured goods.

This is the first time Japan has talked of any move on car exports to the Community as a whole. All recent agreements have been with individual EEC members, including the latest loose accommodations with the Benelux countries and West Germany.

In London, Mr. Zenko Suzuki, the Japanese Prime Minister, also underlined how seriously his country is taking Western irritations at Japanese trade policy. He assured Mrs Margaret Thatcher, the Prime Minister, yesterday that the question of easing British access to the Japanese market would be discussed in talks starting today with Mr Tanaka, who is due in London from Brussels.

Mrf Suzuki also promised Mrs Thatcher that existing voluntary restraint agreements would be madeto work. Japan's car exports to Britain have been running at levels above those agreed between car manufacturers in both countries.

Mrs Thatcher expressed forcefully Britain's concerns at the heavy flow of Japanese imports into sensitive areas such as television sets, and electronic equipment. Both sides are keen to see higher Japanese investment in Britain.

EEC foreign ministers will give a formal reaction to the Japanese promises next week.

But it is likely that there will be a softening in Community demands for a response on the trade question when Mr Suzuki attends next month's world economic summit in Ottawa.

The EEC is bound to keep up the political pressure to try to halt its spiralling trade deficit with Japan, although protectionist threats seem likely to be silenced for the time being.

Arguing that the EEC and Japan have to find "orderly trade in between the two extremes of laisser-faire and protectionism," Mr Tanaka said Japanese companies would be expected to increase their imports of manufactured goods.

In 1978, Japan offered the EEC a similar commitment. However, the scepticism with which Mr Tanaka's statement might have been greeted is offset substantially by the fact that this time the Government will give companies official advice on the subject.

In the first four months of this year EEC imports from Japan rose 46 per cent, largely in the form of cars, TV sets and advanced machine tools. This followed a 55 per cent rise in the deficit last year to $10.9bn. Imports alone rose 29 per cent.

Japan's economic concessions are linked closely with an attempt to broaden political cooperation with Western Europe. Japanese officials are acutely aware that the trade row has hindered attempts to improve political relations.

In his only foreign policy statement of the European tour, Mr Suzuki yesterday called for closer co-operation between all the Western industrialised democracies, emphasising Japanese willingness to play a more active foreign policy role in future.

Tokyo eases tension in trade row with EEC, Page 6

Cabinet likely to let BR electrify

BY ELINOR GOODMAN

BRITISH RAIL is likely to get the go-ahead to electrify more lines, provided it can prove that the investment would produce a real return.

A Cabinet commitee chaired by the Prime Minister apparently agreed yesterday that instead of endorsing British Rail's proposals to spend £567m a year in the next 10 years the Government would look at each proposal on its merits.

This may avoid the Government's having to make any major adjustment immediately to the provision already made for British Rail in the spending White Paper.

To have Government approval for a particular scheme BR will probably have to show that it is making progress with productivity and that the schemes will produce a real return on investment. An announcement is expected soon.

The decision will come as a disappointment in some ways to Sir Peter Parker, chairman of British Rail, and may not be enough to appease the rail unions, which have made a major issue out of the investment programme.

Nevertheless it should mean that BR can start electrifying some lines, where it already has a detailed plan ready, fairly soon.

In the light of the Prime Minister's apparently hostile attitude to investment in the nationalised industries in her speech to the CBI on Tuesday night, it is probably as much as those Ministers backing the scheme could have realistically expected.

By stressing productivity, it may also strengthen Sir Peter's hand in negotiating with the unions.

The BR scheme, which set out a range of options, had the backing of the Department of Transport.

But when other Ministers started taking up their positions on the plan it immediately ran into trouble from the Treasury.

Mrs Thatcher, who at the CBI said that there were dangers of investment in the public sector producing an inadequate return, was also sceptical about the plan.

Continued on Back Page
Rail union may seek 50 per cent, Page 10

£ in New York

	June 16	Previous
Spot	$1.9980-9990	$1.9880-9895
1 month	1.05-1.12 pm	1.14-1.22 pm
3 months	2.60-2.70 pm	2.35-2.45 pm
12 months	4.80-5.00 pm	4.25-4.45 pm

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OECD nations divided over economic crisis

BY ROBERT MAUTHNER IN PARIS

THE WESTERN industrialised countries failed to resolve their disagreements over policies they should pursue to deal with the international economic crisis when they ended their two-day ministerial meeting of the Organisation for Economic Co-operation and Development yesterday.

Ministers representing the 24 member countries remained clearly divided into two camps. The U.S., West Germany, Japan and Britain continued to put the emphasis on fighting inflation by non-accommodating monetary and fiscal policies. By contrast, France, Italy and the smaller European countries advocated a policy shift towards stimulating economic activity and employment.

Criticised from all sides for the U.S. Administration's high interest rate policy—which M Jacques Delors, the new French Economics Minister, said was having a highly damaging effect on the European economies—Mr Robert McNamar, Deputy Secretary at the U.S. Treasury, replied that there was no easy way out of the Western world's economic dilemma.

Both Mr McNamar and Mr Nigel Lawson, Financial Secretary to the UK Treasury, emphasised that there was no such thing as a long-term trade-off between inflation and unemployment. The two problems were inextricably linked, Mr Lawson said. Over the past two decades both inflation and unemployment had peaked at ever higher levels in each successive business cycle.

"Until inflation and inflationary expectations are convincingly mastered, there will be no basis for any lasting or worthwhile increase in output and employment."

While recognising the seriousness of the problem of growing unemployment, Count Otto Lambsdorff, the West German Economics Minister, made broadly the same point. The OECD countries had no choice but to persist with their stabilisation policies.

"The past few years has shown that a persistent tendency towards higher prices and the constant resurgence of inflationary expectations do not allow a sustained increase in output and employment." It would, therefore, be entirely wrong not to give the U.S. full support for its anti-inflation policy.

However, Count Lambsdorff did suggest that the U.S. should take another look at the policy mix which it was applying. He asked whether the inflationary risks of a policy of general tax reductions were not being underestimated and whether the positive effects of such tax reductions on the supply side were not being overestimated.

In addition, was it really necessary for the U.S. Federal Reserve to fine tune the money supply on a weekly basis?

Count Lambsdorff said that U.S. policy—high interest rates and the devaluation of European currencies against the dollar—undoubtedly placed a great burden on European countries, but this was by no means the only reason for their troubles. The reason why Europe was so susceptible to fluctuations in U.S. interest rates and the exchange rate of the dollar was largely because of its own shortcomings. These included large budget deficits, excessive social transfers, the strangling of private initiative through administrative interference, inadequate energy policies and poor export performances.

East Germany basks in the glow of British attention

BY LESLIE COLITT IN BERLIN

EAST GERMANY'S yearning to be accepted by the Western powers who bear responsibility for Berlin has been satisfied by the current official visit to London by a leading member of the ruling East German politburo, Herr Hermann Axen. He is a top adviser on foreign relations to President Erich Honecker.

Herr Axen's meeting with Mrs Margaret Thatcher, the Prime Minister, and Lord Carrington, the Foreign Secretary, are important items in the East German news, which normally concentrates on over-fulfilled production targets and imperialist plots.

East Germans who read yesterday's front page of Neues Deutschland, the main Communist newspaper, learnt that Mrs Thatcher displayed "great interest" in the information Herr Axen gave her on the development of the East German economy, its energy and chemical output as well as the educational system and job training. The British Prime Minister is said to have expressed her wish to expand economic, scientific and cultural ties with East Germany and to "exchange views on the main questions of peace and security.

Neues Deutschland noted that Herr Axen's "extensive negotiations" with Lord Carrington took place in an "open and business-like" atmosphere.

Only a year ago Mrs. Thatcher was reviled in East Berlin as one of the more evil of the class enemies. Britain was seen as the least likely of the three Western allies in West Berlin to improve relations with East Germany. The East German, in fact, did best with France under President Valery Giscard d'Estaing when their Foreign Ministers visited each other and trade increased.

The election of Mr Ronald Reagan as President in the U.S. quickly ended that country's candidacy for courtship by East Berlin. East Germany also recorded without comment M Francois Mitterand's victory in the French presidential election last month. It is mindful of M Mitterrand's frequent attacks on the Soviet Union.

By process of elimination this leaves Mrs Thatcher's government as the only one of the three Western allies left with which East Germany believes it has even a remote chance of improving relations. Just to make sure, Herr Axen also had talks with Mr Michael Foot, the leader of the Labour Party, and Mr Ron Hayward, its general secretary. He also chatted with the secretary general of the British Communist Party, on Mr Gordon McLennan, on the armaments race provoked by the "aggressive circles of imperialism."

O'Leary to lead Irish Labour Party

By Our Foreign Staff

THE IRISH Labour Party, which suffered a major setback in last week's general election—including the failure of its leader, Mr James Cluskey, to hold his seat—yesterday elected his deputy, Mr Michael O'Leary as the new leader. He will now hold coalition talks with Dr Garrett FitzGerald, the Fine Gael leader.

The election of Mr O'Leary, a strong supporter of coalition with Fine Gael, must enhance the chances of Dr FitzGerald ousting Mr Charles Haughey, the Prime Minister. But the balance in the "hung" parliament after the general election still leaves the issue in doubt. The formal vote for a new Prime Minister is due on June 30.

Mr Neil Blaney, the former Finna Fail Minister who is now an independent, pro-Republican member for Donegal, suggested yesterday that he might be able to put together an indepedent alliance supporting Mr Haughey.

This would notionally add sufficient votes to Fianna Fail's 78 seats to secure 83 seats, the minimum needed for an overall majority.

Opec experts thrash out pricing and production strategy

BY BRIJ KHINDARIA IN GENEVA

EXPERTS FROM leading members of the Organisation of Petroleum Exporting Countries (Opec) met in Geneva yesterday to thrash out a long-term pricing and production strategy.

Led by Sheikh Ahmed Zaki Yamani, the Saudi Oil Minister, the group will continue previous discussions on the linkage of Opec oil prices with inflation and economic growth rates in the chief industrial oil-buying countries.

The committee contains experts from six countries: Saudi Arabia, Venezuela, Kuwait, Iraq, Algeria and Iran. The only other minister at the meeting was Mr Humberto Calderon Berti of Veneziela.

Sheikh Yamana said that as part of Opec's overall strategy for the rest of the decade, the long-term Strategy Committee will also study Opec's attitude towards problems caused by high oil bills for developing countries.

The Opec ministerial conference held in Geneva last month asked the committee to work out proposals concerning Opec's role in the world economy, the influence of its production and price policies on Western industrialised countries, and measures to aid developing countries.

Sheikh Yamani's chairmanship of the committee is expected to have a moderating influence on discussions. The Saudi Minister is known to be deeply concerned about the growing unemployment in industrialised countries and would like to avoid Opec policies which might boost inflationary trends.

AP adds: Mexico plans to raise oil prices next month, according to Sr Jose Andres de Oteyza, Natural Resources Secretary.

He told a Mexican Congressional committee that his country's price reduction of $4 a barrel on June 1 was precipitate and said Mexico would try to raise prices in July.

Polish moves give Moscow little joy

BY CHRISTOPHER BOBINSKI IN WARSAW

THE SOVIET leadership must be scanning the Polish Communist Party this week with mixed feelings. Despite Soviet charges that he was not doing enough to combat "counter-revolution," Mr Stanislaw Kania, the party leader, is more secure than ever.

The same could be said of the Prime Minister, General Wojciech Jaruzelski.

The party, believing that any changes made four weeks before the party congress would be for the worse, has rallied round the country's leaders. Even at last week's central committee meeting where Mr Tadeusz Grabski, a hardline politburo member, made his ill-fated bid to topple Mr Kania, most felt there was no alternative to his policies of not using force and continuing gradual reforms within the party and in society at large.

Even Mr Stefan Olszowski, who has won a certain notoriety as a pro-Soviet hardliner, has come to recognise this consensus. In recent weeks he has worked to improve his image and adopted a more moderate stance. Last week, Mr Grabski, who is often associated with him, was left to fight Mr Kania alone.

It now seems clear that all the present party leaders will be elected by the regions as delegates to the July 14 congress. Election as a delegate is crucial as only delegates have the right to be re-elected to the leadership at the congress.

This was by no means certain a few weeks ago given the mood of party members in the provinces. In Gdansk, for example, the provincial party conference refused to grant mandates to party officials who had not been chosen locally. The same happened in Olsztyn in the north-east.

But last weekend the reformist Cracow party organisation voted overwhelmingly to send Mr Kania to the congress with 365 votes out of a possible 398. A few days later General Jaruzelski was selected by the Warsaw military district with 238 votes out of a possible 241.

The Soviet Union should greet this development with some satisfaction. One of the reasons for Moscow's letter criticising the Polish leadership was concern that the congress would vote out the whole of the present party establishment and leave the Kremlin without a familiar face in sight. This danger has now receded.

Another source of satisfaction for the Soviet politburo should be that delegates now being elected at provincial conferences hold centrist views. The hard-line resolution adopted after last week's central committee meeting has served to mute the radicals. Also, given the authentically democratic election procedures, the people of the small towns and the country-side who naturally tend to be more conservative, are selecting few radical reformers.

However, the Soviet worries are far from over. Provincial party conferences which are electing delegates will continue for two weeks. Major industrial centres where the democratic rank-and-file movement is strongest have yet to vote. Warsaw and Katowice promise a lively struggle between the hardliners and the radicals. The results of elections in Lodz, Wroclaw and Poznan, all towns with strong party organisations whose votes will be important at the congress, are hard to predict.

Aware of the importance of these towns it is likely that the Russians will come up with further moves to apply pressure on the party and limit its reforming ardour as the congress approaches.

● The Warsaw branch of Solidarity, the independent union, yesterday reported the third in a series of desecrations of Soviet war memorials since Moscow criticised a "mounting" wave of "anti-Soviet" incidents in a letter last week, AP reports. It said "unknown hands daubed with white oil paint the Soviet war memorial at the municipal cemetery at Zyrardow," near the Polish capital.

Soviet industrial output slips below target

BY DAVID SATTER IN MOSCOW

SOVIET industrial output in the first five months of the year rose only 3.2 per cent against a 4.1 per cent annual target.

Figures published yesterday in the weekly Ekonomicheskaya Gazeta indicated that the early months of the new 1981-85 five-year plan have been marked by the same slowing of economic growth which characterised the 1976-80 plan.

The 4.1 per cent annual target for this was already one of the lowest since the Second World War.

Oil production, which achieved spectacular growth in the late 1960s and early 1970s, has slowed to an increase in the first five months of this year of 1 per cent over the comparable period of last year.

Ekonomicheskaya Gazeta said that total oil production to the end of May was 251m tonnes, which makes it unlikely that the Soviet Union will meet its oil production target for 1981 which is 610m tonnes.

Several key industries, including steel and coal, recorded absolute declines in production. This represents a more serious shortfall than would be the case in the West because the Soviet accounting system measures success only in terms of quantity rather than quality or usability.

The Soviet Union produced 302m tonnes of coal in the first five months of the year compared with 304m tonnes in the same period last year and the steel industry recorded declines in output for steel pipe and rolled steel.

Milk and meat production continued to decline, falling 1 per cent below last year's five months level and no improvement was expected until the end of the autumn grain harvest at the earliest.

New Czech planning chief

PRAGUE. — Mr. Vaclav Hula, Czechoslovak D eputy Premier, was removed at chairman of the state planning commission yesterday and replaced by Mr Svatopluk Potac (56), the state bank director, as a new Government was sworn in by President Gustav Husak.

Mr Hula has played a key role in the Czechoslovak economy ever since the end of the short-lived "Prague spring" Liberalisation period in 1868. His removal was apparently linked with the country's growing econmic problems.—AP.

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W. German steelmakers are increasingly concerned by foreign competition, writes **Roger Boyes** in Bonn

A cry for help from the Ruhr

THE ROAD to Damascus, it seems, runs through the Ruhr. West German steel industrialists, once zealous supporters of the free market, are now calling for state assistance in tones ranging from the discreet to the desperate.

"Not so much of a conversion, more of a phased withdrawal," was the defensive comment of one West German steel executive recently. A phased withdrawal, it is argued, which has been forced on West Germany by the heavily subsidised competition from Britain, France and Italy.

There have been worried meetings between the industry and the Bonn leadership, and between the regional Government of North Rhine Westphalia—which embraces the industrial Ruhr—and Chancellor Helmut Schmidt. The Chancellor made clear in a speech last month that the industry would be naive to expect the large-scale assistance afforded the British Steel Corporation, but there is some hope within Herr Schmidt's Social Democratic Party that some employment-cushioning programme can be devised.

The steel industry's case is as follows: each tonne of imported European steel is subsidised to the tune, on average, of between DM 50 (£10.64) and DM 100 (£21.28) a tonne, depending on the product. According to the West German Iron and Steel Federation, some DM 30bn of public money has gone towards propping up its European competitors, and a further DM 60bn is expected to flow between now and 1983. Again, according to Wes German industry figures, that means that in Britain half the cost of producing a tonne of rolled steel—DM 366—will effectively come from public coffers. French steel subsidies, at the rate of DM 67 a tonne of rolled steel, seem, by contrast, relatively modest although Belgian assistance amounts to DM 168 and Italian help amounts to DM 114.

These figures are a rather crude measure—they make no real distinction between the different types of state assistance—but they are constantly used in the lobbying campaign in Bonn. The complaint is not so much that European steel imports are mopping up the domestic market — imported European Community steel products play a surprisingly small role in West Germany's overall steel consumption — or that West German steel exports to the European Community have suffered (they have, but this has as much to do with world trends as with pricing). Rather, the West German argument is that subsidies have forced European prices artificially low —some 20 per cent below U.S. and Japanese prices, according to a recent calculation by Count Otto Lambsdorff, the West German Economics Minister.

With the help of Social Democrat politicians (anxious to maintain their links with the unions), the steel industry in the Ruhr is asking for a "Saar model" form of assistance. The Saar has received over the past three years some DM 1.5bn worth of state assistance, from the regional government and from Bonn, not including recent credit guarantees to the value of DM 900m. This is what the Bonn Government describes as a "good" subsidy: that is, it is aimed at completely overhauling the region's steel companies and trimming some 8,000 jobs between now and 1983.

Many Ruhr steel men would like to see the same measures applied there, with the state emphasis being on regional investment to create jobs for redundant steel workers. This would make restructuring much easier. For example, when Bonn and the Saarland government approved DM 1.1bn worth of subsidies and guarantees for the local steel industry, the unions almost automatically signalled their readiness to see 5,000 jobs phased out. Now Krupp has a plan to phase out 5,000 jobs and Hoesch is concentrating production and processing in a move which will cut both capacity and about 8,000 jobs.

The result is writen all over the balance-sheets of the main West German steelmakers. Krupp Stahl reported a "catastrophic" final quarter last year. After recording a balanced result for the first nine months, the company lost DM 90m between October and December. West German producers can no longer compete with the crude steel prices of other European Community countries. "However efficient we become, however much we increase productivity, however much we introduce energy-saving technology, we cannot compensate for the DM 100 a tonne competitive advantage of our subsidised neighbours," said an executive of Thyssen—one of the few steel producers still in the black. Hoesch, for example, now accounts for 50 per cent of the turnover of the West German-Dutch Estel group, and about two thirds of the group's record net loss of Fl 488m (£94m).

The steel industry acts as a more effective lobby than, for example, the ailing West German textile industry, because so many jobs depend on it and because of its high regional concentration in the Ruhr and the Saar. The loss of 5,000 steelworkers' jobs in, say, Dortmund, would lead to the ultimate destruction of 15,000 jobs in steel-rated and service sectors.

The West German notion of dividing up subsidies into good (aimed at restructuring) and evil (those destined to maintain or expand old capacity) is of dubious value, more often than not, it serves only the lobbying interest of the West German steel industry. Who is to say that Saar subsidies are good, and British Steel Corporation subsidies evil? The West German steel industry is not immune, either, from using subsidies to cover up essentially bad management decisions.

Thus, last year, the Federal Research Ministry and the North Rhine Westphalian Government agreed to give DM 240m in cheap loans to Hoesch towards replacing three unprofitable open hearth (Siemens Martin) plants with a plant using oxygen-cooling methods. The justification for the Research Ministry funds was that the move represented modernisation and market adjustment. Yet the same "modernisation" had been carried out in the early 1970s by many other steel companies, including Thyssen, without resorting to state assistance. The fact of the matter is that the money was made available to save jobs—a situation familiar enough to other European steel industries.

Kloeckner has been trying to extract more Research Ministry funds for its Bavarian-based Maxhuette plant, but it seems that resources are now too tight to make any kind of major commitment. Yet again the state of Bavaria has made it clear that it is prepared to come up with tens of millions of Marks.

Having said all this, the West German case is still fundamentally sound. The level of state assistance is significantly below that in Britain, Belgium and Italy. But perhaps the industry should not overlook the fact that mismanagement has more often than not been the reason for seeking government assistance from Bonn or regional governments, rather than the effects of the demon subsidies of its neighbours. Eventually, the West German steel industry will have to ask itself some fundamental questions: can West Germany really sustain five major steel producers (Thyssen, Hoesch, Krupp, Kloeckner and Salzgitter) and a whole string of minor ones (Mannesmann, Roechling Burbach, Korf)?

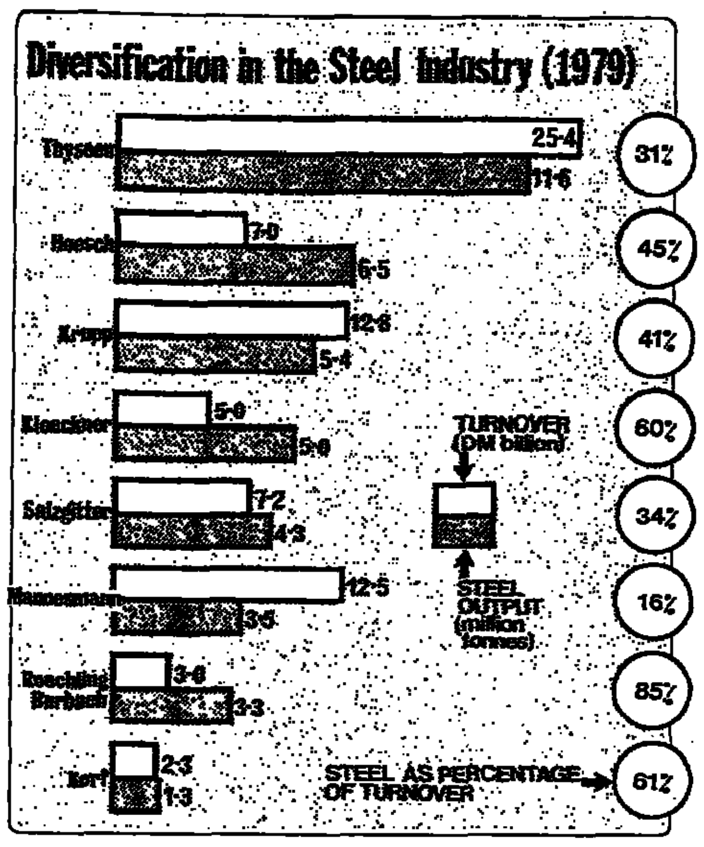
Even with a high degree of diversification, and even if the current crisis really is cyclical and not structural, the market is too tight for so many domestic producers. The legendary efficiency of the industry as a whole disguises the fact that there always have been, and always will be, lame ducks. Sooner or later, the Government will face the choice of letting one of these ducks die or keeping it artificially alive with the kind of subsidies it condemns in other countries.

Count Otto Lambsdorff, the West German Economics Minister, pictured above, right, with a U.S. official at the OECD meeting in Paris yesterday, took the opportunity of holding talks with M Pierre Joxe, the French Industry Minister, in an attempt to bridge some of their differences over European steel subsidies, writes Roger Boyes in Bonn.

Bonn is urging a firm timetable to phase out European steel subsidies which, it claims, are distorting competition and harming the West German steel industry.

A meeting two weeks ago revealed a considerable gulf between the French and the West German approach to controlling subsidies. Count Lambsdorff clearly intends that there should be closer co-ordination between Paris and Bonn before a fresh round of EEC talks on June 24.

West German officials stress that the French still need time to evolve their steel policy. However, Bonn has also indicated that its patience is wearing thin on the question of subsidies and has hinted that it could prove difficult over social assistance for workers affected by restructuring in the industry.



Europe MPs keep up the pressure for a single home

BY WALTER ELLIS IN STRASBOURG

AN ATTEMPT to establish a single home for the European Parliament — probably in Brussels—is expected to be launched next month by MEPs.

French members, however, are resolutely opposed to any change in the present arrangements, centred on Strasbourg, and are hoping for early support from President Francois Mitterrand. In an interview published yesterday in Les Derniers Nouvelles d'Alsace, M Andre Chandernagor, the French Minister for European Affairs, said "no French Government could fail to support Strasbourg."

The Minister added that any decision taken by the Parliament would be "without legal effect" and that the final say remained a matter for the Community's heads of government.

This view is not shared by a number of non-French MEPs. They argue that the Treaty of Rome gives Parliament the right to decide its own working place even if the formal fixing of the seat is a matter for governments. The distinction drawn is largely semantic but many members believe that if the Council of Ministers takes the matter before the European Court of Justice, the judges will rule in Parliament's favour.

The constitutional clash which the issue is likely to provoke could prove of some importance to Parliament. If a majority does vote for a single site (Parliament meets also in Luxembourg and committees sit in Brussels) and if that decision is upheld, the assertion of independence entailed could do much to restore MEPs' battered sense of morale. Being at the losing end of several power struggles over the Community's budget has drained Parliament of whatever prestige was conferred upon it by direct elections just over two years ago. A shot in the arm now is exactly what it wants.

Three months ago, members voted by a substantial majority to fix a deadline of June 15 for a decision by the Council of Ministers ending the current three-way split. That deadline has passed with no response from member governments and various political groupings are now working on resolutions for debate at next month's session of Parliament.

Most MEPS are expected to vote in favour of a single working place, and there is a growing consensus in favour of Brussels, the site of the Council and of the European Commission.

At their summit meeting in Maastricht in March, Community heads of government were pointed in their avoidance of the ultimatum, M Valery Giscard d'Estaing, then French President, was anxious to ensure that his country's national honour should not be compromised; M Pierre Werner, the Luxembourg Prime Minister, was concerned about the maintenance of jobs as well as prestige in the tiny Grand Duchy; and Mr Wilfried Martens, the outgoing Belgian Premier, did not wish to be seen pressing his own national case with unseemly vigour.

Portugal poultry deaths

BY DIANA SMITH IN LISBON

FOUR MILLION hens and chicks have died in Portugal this week because of the heat wave that has pushed temperatures up to 107 degrees Fahrenheit, the highest in 135 years.

The association of poultry breeders and egg producers reports that losses of broilers or layers from heat stroke or dehydration mean that hundreds of small farmers have been put out of business, that about 60 per cent of the national chicken population has died and that, inevitably, the price to the consumer of chicken and eggs will rise dramatically. The association said that it was too soon to know whether imports of poultry would be called for.

Having seen the inflation rate drop to only 0.57 per cent in May, the lowest figure in some years, the authorities now fear that the chicken crisis will push the figures up again.
Reuter

OVERSEAS NEWS

Delegates fight at OAU conference

NAIROBI — Moroccan delegates and Algerian-backed Polisario observers traded punches in a running fight yesterday outside the hall where Foreign Ministers of the 50-nation Organisation of African Unity were discussing African liberation movements.

Club-wielding police broke up the fighting after several minutes and detained two Moroccan diplomats and one Polisario observer.

The dispute between Morocco and Polisario guerrillas over the mineral-rich western Sahara is one of the most difficult issues confronting OAU Heads of State when they meet here next week.

Polisario guerrillas have waged a five-year-old struggle for control of the former Spanish Sahara.

After Spain pulled out in late 1975, the Sahara was annexed by Morocco and Mauritania, but Mauritania later signed a separate peace with the guerrillas, leaving Morocco to continue war alone against the Polisario.

Moroccan diplomat Ainin Maelainein said the fighting started when a Polisario observer insulted the Moroccan diplomats "by saying Morocco is occuping territory that is theirs."

AP

Kuwait 'will not cut oil output'

KUWAIT—Kuwait will not cut its oil output any further because a glut on world markets will disappear by the end of this year, the country's oil minister said in an interview published yesterday.

Some members of the Organisation of Petroleum Exporting countries (Opec) decided to cut production by a minimum 10 per cent at a meeting in Geneva last month to mop up the glut and take pressure off prices.

Sheikh Ali al-Khalifa al-Sabah, the Kuwati Oil Minister told the Al-Anba newspaper that his country had already cut oil output from 1.5m barrels per day to 1.25m b/d on April 1 and would not reduce it further.

The glut, of 2-3m b/d, was temporary and would disappear by the year's end, the Minister said.

Reuter

Marcos triumphs—but doubts over democracy remain

BY KEVIN RAFFERTY IN MANILA

VOTING RETURNS show that *Ferdinand Marcos has been* re-elected President of the Philippines with a huge majority, winning up to 100 per cent of the vote in some districts, according to unofficial returns. His supporters say that his victory is historic as well as crushing, marking the safe return of the Philippines to elected democratic civilian government after eight years of martial law.

In spite of his overwhelming victory, with a majority rarely seen outside the Communist world — his average share of the vote is 88 per cent — President Marcos still faces large problems. For almost every achievement there is a large question-mark.

Economically, the Philippines, a country of 48m people and thousands of islands, looks more prosperous than ever. Economic growth has averaged between 6 and 8 per cent over the past eight years, though it dropped to 4.7 per cent last year. The capital, Manila, is sprouting many sparkling new buildings in acres of land reclaimed from the sea, and has the image of a city on the move, welcoming countless international gatherings and conventions.

Ferdinand and Imelda Marcos on the campaign trail

Opponents say, however, that the economy is like a whited sepulcre: its modern exterior hides decaying conditions inside. Some economists claim that the number of Filipino families below the poverty line has risen from 57 per cent in 1971 to 83 per cent in 1978. World Bank studies indicate that real wages for skilled workers in Manila and its suburbs fell by nearly 24 per cent over the 1972-78 period: the drop for unskilled workers was 31 per cent.

The benefits of economic growth have not been evenly spread. An estimated 1.9m people of metropolitan Manila, *a third of the capital's population*, are stricken by poverty. Not far from the plush hotels are home-made shacks put together out of cardboard, plywood and galvanised iron sheets, which are prevented from blowing away only by precariously balanced rocks or makeshift string or rubber tyres.

Unemployment is officially estimated to have fallen to 3.5 per cent in 1979, but the really poor cannot afford to be out of work. As in other Third World countries, poor Filipinos show ingenuity in picking a living even from garbage.

The technocratic economic ministers of the Philippines have won full marks for their macro-economic management, especially for their skill in squeezing more money and better rates from international lending agencies. But the human touch to economic development has been lacking.

The Government has shown a tendency to splash its money on glamorous capital-intensive projects rather than schemes providing jobs, exports, or social benefits. Mrs Imelda Marcos, the first lady who is also governor of Metro-Manila and Minister of Human Settlements, has led the way with expansive and expensive schemes. One of her pet projects is to lay a white sand beach close to the hotels along the increasingly polluted Manila Bay.

It is in the political arena *that the greatest* doubts arise about the regime. President Marcos has now ruled the Philippines for nearly 16 years. He is now set for another six years with more power in his hands under his tailor-made Constitution than the President of France.

Questions are being asked about how democratic is the democracy he has established. The major political parties in the end refused to fight an unequal Presidential election. Even so, there were allegations of ballot stuffing and other incidents from those who did stand.

President Marcos stands head and shoulders above any other political opponent. Most observers think he probably would have been re-elected even if former Senator Benigno Aquino had been allowed to return to the Philippines from exile in the U.S., let off the murder charge he faces and to run for the Presidency is a completely open race. But in spite of the lifting of martial law and the supposed return of democracy, the Philippine climate is not one in which diverse opinions are encouraged to flourish.

The Press and media are quick to genuflect before Caesar. The most pointed opposition comes from a section of the Roman Catholic Church, particularly from priests who are working in the really poor areas. Instead of seeking their advice and suggestions the Government has campaigned to keep the Church out of politics, with the President even reading a sermon to the Pope about this when he visited the Philippines earlier this year.

The President's wife does enough to suggest that she loves the pomp and panoply of power. Many people doubt her capabilities; but no one doubts the numbers of enemies that she has made. Other politicians who have looked promising have come and gone quickly if they looked anxious to challenge the President.

Ferdinand Marcos will be 64 in September. Though according to his Press hand-out, "he has a physique that a man half his age might envy," he is reported to have had health problems. There is no sign that he is anxious to quit but when he does, by accident or design, the chances are that there will be no one big enough to take on the task that Marcos has built for himself.

Asean plea to Vietnam

MINISTERS of the five non-Communist South-east Asian countries yesterday appealed to Vietnam in its own interests to attend an international meeting on Kampuchea and to withdraw its 200,000 troops from that country and permit fresh elections under United Nations supervision, Kevin Rafferty writes from Manila.

The Foreign Ministers of the Association of South-east Asian Nations (Asean)—Indonesia, Malaysia, the Philippines, Singapore and Thailand—started a two-day meeting in Manila to draw up their plans for next month's meeting on Kampuchea at the United Nations, and to discuss economic and political co-operation. Hanoi has said that it will not attend the meeting on Kampuchea.

Easily the most powerful plea to Vietnam came from Mr Suppiah Dhanabalan, the Foreign Minister of Singapore. He declared that Vietname had compromised its independence by relying on the Soviet Union.

The other Foreign Ministers joined in the plea. General Carlos Romulo of the Philippines said that South-east Asian countries, "and Vietnam perhaps more so than the rest," needed a break from "senseless conflicts which distract their attention from vital domestic problems."

Habib's arrival provokes Israeli gloom

BY DAVID LENNON IN TEL AVIV

MR PHILIP HABIB, the special U.S. envoy trying to mediate in the Lebanese missile crisis, arrived in Israel yesterday amid gloomy forecasts that he had been unable to soften Syria's stance on the issue and that his mission may finally have run out of steam.

On arrival, Mr Habib suggested that people should take note of President Ronald Reagan's Tuesday Press conference appeal for both sides to allow him more time.

Earlier this week, Mr Menahem Begin, the Prime Minister, told an election rally that if the envoy could not persuade Damascus to remove its anti-aircraft missiles from Lebanon, Israel would destroy them. Subsequently, officials said that these remarks were not an ultimatum.

Mr Habib will meet Mr Begin today to report on his latest discussions in Damascus, Beirut and Saudi Arabia.

Our Foreign Staff add: President Reagan has meanwhile come under strong attack from Arab States for his description of the Israeli attack on the Iraqi nuclear establishment as "probably a defensive action."

Jordanian newspapers called for an Arab oil war against the U.S. and suggested that countries in the region should strengthen their relations with the Soviet Union.

Baghdad radio said that Washington had now revealed its true feelings and was openly siding with the "Zionist aggressors." A similar line was taken by Leftist newspapers in Beirut which accused President Reagan of lacking neither insolence nor cold-bloodedness.

The United Arab Emirates accused Mr. Reagan of giving Israel the green light for further attacks on Arab countries and said that all nations in the Gulf were now confronting the U.S.

Mr. Taha Yassin Ramadan, Iraq's first Deputy Premier, flew to Moscow yesterday for talks with Soviet officials.

Our United Nations correspondent writes: President Reagan's remarks at his Press conference on Tuesday night suggesting that Israel had reason to mistrust Iraq's nuclear intentions, produced an expectedly adverse reaction from Arab and other non-aligned delegates as the UN Security Council yesterday continued its debate on Israel's raid on the Iraqi reactor.

An immediate response was a hardening of proposals to deal with the issue. The latest tentative resolution, circulated as a working paper, reverted to a call for mandatory sanctions and included a demand that Israel pay reparations to Iraq—which both Britain and France have suggested.

The entire group of non-aligned states, meeting under Cuba's chairmanship, issued a communique calling on the Council to impose sanctions, although it had appeared earlier that the threat of an American veto would deter them from taking that course.

There were serious doubts whether the United States delegate, Mrs Jeane Kirkpatrick, would be authorised to support more than the mildest wrist-slapping resolution. The Iraqis were encouraging their allies to put in a strong resolution, even if it drew a veto. Observers believe that Britain and France might feel obliged to follow the Americans if the terms of the resolution are totally one-sided.

Afghan rebels 'attacked Soviet base'

NEW DELHI — Afghan rebels attacked the Soviet air base at Bagram about 40 miles north of Kabul on June 9 and caused large-scale fires in ammunition and petrol stores, Western diplomats said yesterday.

They said that according to several accounts the rebels poured petrol into drainage ditches leading into the air base and set them on fire. Ammunition stores exploded, scattering shrapnel over the surrounding countryside, and Soviet jets at the base took off to avoid the fire, it was reported.

The main road passing the air base was closed for two days, during which other incidents occurred marking the anniversary of the death of a prominent local rebel leader, Abdul Majid Kalakani.

Reuter

Indian election result a victory for Gandhi

BY K. K. SHARMA IN NEW DELHI

WITH her Congress (I) Party having won five of the seven Parliamentary by-elections — one was won by the Marxists and counting in the other has been suspended—Mrs Indira Gandhi has once again demonstrated her hold on the country. The by-elections to the State legislatures, where the Congress (I) won 18 of the 23 constituencies, show a similar trend.

Opposition parties, whose disunity was the main reason for Mrs Gandhi's victory, have alleged mass rigging and use of violence by the Congress (I) for its victory. Four Opposition leaders said a "very dangerous trend has now been introduced as far as norms of democratic elections are concerned." They warned that the era of free elections was over.

The Election Commission is taking up their complaints and has suspended counting of votes in one constituency pending investigation.

Nevertheless, Mrs. Gandhi can claim credit for a personal victory since she broke the tradition that a Prime Minister does not campaign in by-elections. She took a particular interest in the election of her son, Rajiv Gandhi, who won by a record of more than 230,000 votes.

In some constituencies, however, the Congress candidates polled less than the combined votes of their opponents. This gives substance to the belief that had the Opposition parties been able to reach agreement on common candidates, the Congress (I) would not have done as well as it has.

Mexican ultimatum on oil-price rise

BY WILLIAM CHISLETT IN MEXICO CITY

MEXICO, the world's fourth largest oil producer, intends to increase its oil prices next month and is threatening to cut off clients who are not prepared to pay the extra. This warning has been given in Congress by Sr Jose Andres Oteyza, the Industry Minister.

The Minister was summoned to explain Mexico's oil policy in the light of the recent $4 a barrel cut in its prices. The price reduction has sparked off a furious nationalistic debate and has already resulted in the resignation of Sr Jorge Diaz Serrano, the director of Pemex, the state oil concern. The cut was opposed by the Economic Cabinet.

Sr Oteyza ruled out the possibility of increasing exports over the present platform of 1.5m barrels a day to make up for the loss of income. He said this would make the economy even more dependent upon oil and would distort the growth of other sectors.

The Minister implied that Mexico would put pressure on its clients to pay more. Those who agreed to pay the higher price could get oil released by clients not prepared to do so. "Clients will have to evaluate the possibility that a barrel lost today could be lost for ever," he added.

Mexico believes that as it is not a member of the Organisation of Petroleum Exporting Countries and offers the prospect of major long-term supplies, it can justify high prices. Such a policy, however, is unlikely to be accepted by Mexico's commercial clients in the U.S., although it may appeal to some buyers for political reasons.

In the present world oil glut, however, observers believe it unlikely that even clients on a Government-to-Government basis will pay more.

The Mexican Government, xenophobic about its oil at the best of times, has taken the price cut, announced by Sr Diaz Serrano, has a sign of national failure and seems determined to save face.

Austerity warning for Ecuador

By Sarita Kendall in Quito

SR OSVALSO HURTADO, Ecuador's new President, has warned that the country faces a period of economic austerity and that many development projects may have to be postponed in the face of the decline in the price of crude oil and falling demand for cocoa and coffee exports.

In his first major policy speech the President, who took over after Senor Roldos was killed in an aircraft accident last month, appealed to Ecuadoreans to forget the oil-rich *free-spending habits* of the 1970s and return to the austerity of the 1960s.

His sombre diagnosis of the country's difficult situation was welcomed as realistic by congressmen from several political parties. Thus the prospects of forming a centrist congressional coalition to back Government reforms are seen as hopeful.

***Sr Hurtado confirmed* that he would stick to the five-year national plan, which he drew up as Sr Roldos's vice-president, but he added that many projects would have to be postponed.**

Ecuador's economic growth has long been closely tied to export earnings and the fall in the international price of crude oil is making a big difference to this year's fiscal and foreign income. Cocoa and coffee sales are also low, and the three products between them account for nearly 70 per cent of all export value.

Although it is a member of the Organisation of Petroleum Exporting Countries, Ecuador's known oil reserves will leave little over for export after 1984.

The new president, now 41, and a former social science professor, is a Christian Democrat. His party, Popular Democracy, is one of the most cohesive political forces in a broad spectrum of parties, factions and splinter groups. The election of Sr Roldos's brother, Leon Roldos Aguilera, as Vice-President has guaranteed the presence of "Roldosistas" in the Government.

Strike may disrupt U.S. airports

BY IAN HARGREAVES IN NEW YORK

TURMOIL may result at U.S. airports this weekend if last-ditch efforts fail to produce a contract settlement with the country's 15,000 air traffic controllers. Talks aimed at averting a strike broke down yesterday. The threatened stoppage would be the first in the controllers' history.

Their contract expired in March and they are demanding an across-the-board lump-sum increment of $10,000 per employee. That would mean a near doubling of pay for the lowest paid trainee controllers. The average controller's salary is $33,000 a year.

The traffic controllers' organisation says its members, like other employees of the federal government, have lagged behind the private sector in recent years and have accepted single-figure awards for the past two years, when inflation was well into double figures.

The strike threat raises complicated questions for the Administration and for Congress, which must approve whatever deal is arrived at informally between the union, the Federal Aviation Administration and a federal labour mediator.

The strike is technically illegal, although the union's president, Mr Robert Poli, has commented: "The only illegal strike is one that fails." Mr Poli says he will ballot his members on Sunday for a strike if acceptable terms are not proposed before then.

The Administration is aware that later this year it has to negotiate with postal workers and other smaller groups of federal employees, who will hope to cash in on any big award to the controllers. Apart from pay increases, the controllers want to cut their working week from 40 hours to 32 hours.

Court setback for deregulation

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

FOR THE second time in three days, the U.S. Supreme Court has turned its thumbs down to the Reagan Administration's desire to relieve the regulatory burden on industry.

The court ruled yesterday, by five-to-three, that the health and safety of workers in the cotton industry was "above all other considerations," including the cost to industry of maintaining adequate programmes in accordance with federal standards.

This setback for the Administration was even more sharp than that it incurred on Monday when the court upheld the legality of the 1977 Strip Mining Act which, among other things, requires mine operators to restore stripped land to its former condition.

Earlier this year, the Administration submitted a special petition to the Supreme Court urging it to defer a decision on the cotton dust case, which was brought under the previous Administration.

In the meantime, the Administration placed reduction of the enforcement powers of the Occupational Safety and Health Administration high on its agenda. It even ordered the withdrawal of a Government pamphlet describing the symptoms of cotton dust disease (commonly known as brown lung) and the benefits available to workers suffering from it, on the ground that the pamphlet was biased against industry.

The nub of industry's complaint is that the cost of eliminating cotton dust from the workplace far exceeds any benefits. But, under the Carter Administration, industry's demands for cost-benefit criteria in the setting of safety and health standards were repeatedly rejected.

The Reagan Administration made it clear from the outset that it believed that cost-benefit analysis was indispensable.

In its verdict yesterday the Supreme Court acknowledges that health and safety standards in the workplace must undergo "feasibility analysis." But this process must have one overriding goal—"that no employee will suffer material impairment of health, limited only by the extent to which this is capable of being done."

The textile workers union claims that at least 150,000 of the 800,000 strong workforce suffer from "brown lung" in some degree. The principal trade organisation says only 2,330 workers "may have a problem."

House condemns baby food policy

BY OUR U.S. EDITOR IN WASHINGTON

THE House of Representatives has voted to condemn the Reagan Administration's decision to oppose the adoption of the World Health Organisation's voluntary code governing the marketing of baby food.

The House voted by 301-100, with many Republicans joining in the criticism. The resolution has no binding force, however, and has been dismissed by the White House as "ill-timed and inappropriate."

Nevertheless, it does indicate the depth of congressional reservations about the Administration's stance, especially in so far as it appears symbolic of U.S. indifference to the concerns of the developing world.

The baby food question was one factor in the downfall of Mr Ernest Lefever, who was named by the Administration to take charge of human rights policies but was rejected by the Senate Foreign Relations Committee. Mr Lefever, who then withdrew his name from consideration, has had close links with Nestle, the giant of the international baby food market.

New York leaders back cut in bank tax

By David Lascelles in New York

NEW YORK'S political leaders are to back moves to cut the rate of taxation on commercial banks in the state, yielding to pressure from the industry which has threatened to move some of its operations to more congenial states.

The state Governor, Mr Hugh Carey, and Mayor Ed Koch of New York City have agreed to seek a reduction in commercial bank tax to the same level as that paid by other corporations. At the moment, commercial banks pay 13.8 per cent to the city and 12 per cent to the state. Corporations pay 9 per cent to the city and 10 per cent to the state.

The tax cut would mean a loss of revenue to the local authorities, including about $30m to the city alone. But the politicians have been rattled by the growing rebelliousness of the banks and their threats to move out.

The level of New York taxation became a heated issue earlier this year when the state of Delaware, only 100 miles away, passed an attractive banking law to entice New York banks. Two banks, Chase Manhattan and Morgan Guaranty, have already said they will move some operations to Delaware.

The Carey-Koch declaration has been welcomed by the New York State Bankers' Association which has been the chief lobbyist for tax cuts over the past four years. The association said yesterday that it was a clear signal that New York wanted to make the banking climate more attractive. A tax cut would ensure that more banking jobs remained in New York.

Adams set for win in Barbados

BRIGDETOWN — Mr Tom Adams, Prime Minister of Barbados, is expected to win a second term in office as a result of elections being held for the island's 27-seat Parliament today. He has based his campaign on his country's sustained economic growth over the past five years.

His Barbados Labour Party ended 15 years of rule by the rival Democratic Labour Party, led by Mr Errol Barrow, in 1976.

Mr Barrow and the DLP, who led the island to independence in 1966, are trailing the BLP by 8 per cent according to the latest opinion poll. But the poll showed a high percentage of undecided voters.

Replying to DLP accusations that his party has the open backing of Britain and the U.S., Mr Adams has given a warning of Communist infiltration of the opposition.

Reuter

BRAZIL'S PETROL SUBSTITUTION PROGRAMME STARTS TO FLAG

A $244m additive for alcohol fuel

BY RIX TURNER IN SAN PAULO

BRAZIL HAS received a welcome injection of funds into its programme to produce alcohol as a substitute for petrol, which has been running into difficulties.

On Tuesday, Sr Marcos Jose Marques, president of the national executive commission for alcohol, Cenal, announced that an extra $244m would be provided to ensure that Brazil meets its production targets for sugar cane, from which alcohol fuel is produced. The announcement followed last Friday's signing of a $250m World Bank loan in Washington by Sr Antonio Delfim Netto, the Planning Minister, and Sr Camilo Pena, the Trade and Industry Minister.

The national alcohol programme was begun in 1976 to reduce Brazil's dependence on imported oil, which averaged 880,000 barrels a day over the first three months of this year. Brazil was due to be producing 10.7bn litres of ethyl alcohol by 1985, with over 2.5m alcohol-powered cars on the roads. To date, only 400,000 of Brazil's 6m to 7m cars run on alcohol.

Production targets have already been missed. Last year's 3.67bn litres fell short of the planned 3.83bn, and instead of the targeted 4.7bn litres this year, production is now expected to total 4.38bn.

An enormous effort must be made if Brazil is to produce 10.7bn litres in 1985. Sr Julio Borges, an engineer at a leading cane co-operative, Copersucar, explained: "There are currently 2.5m hectares devoted to the production of cane. If the 1985 target is to be met, a further 3m hectares must come under cultivation."

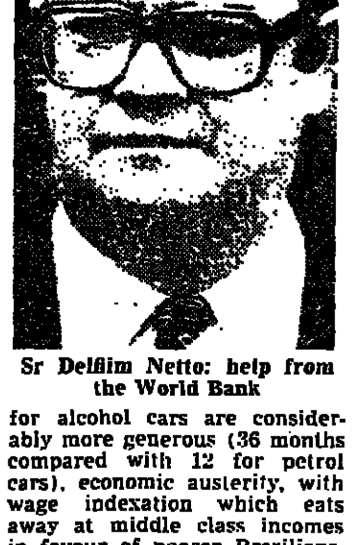
On the industrial side, sales of alcohol-powered cars have fallen back into insignificance this year, after a boom in 1980. In both cases, purely psychological factors were at work. The war between Iran and Iraq which broke out last year threatened Brazil's oil supplies, 50 per cent of which came from Iraq. In the event, other contracts were made quickly, but this did not stop rumours of petrol shortages, leading to a spending spree on alcohol-powered cars.

This year, the psychological factor is exactly the opposite. Drivers have heard that alcohol could be in short supply. Despite emphatic denials by people in authority confidence in alcohol has been shaken. To add to this, the Government was taken by surprise at the beginning of the year when it discovered that daily alcohol consumption was over twice what had been expected. Many drivers had converted their cars to burn alcohol during last year's petrol shortage scare.

The Government reduced the amount of alcohol added to petrol for unconverted engines from 20 to 12 per cent. The market interpreted this as clear evidence of shortages on the way.

But there are other reasons for the drop in sales of alcohol cars—from 45,000 cars in November to a mere 17,000 in February.

First, the car companies in January set alcohol powered car prices between 5 and 10 per cent above those of petrol-driven vehicles. At the same time, the Government raised alcohol fuel prices from 54 to 63 per cent of petrol prices. Since alcohol cars consume around 20 per cent more fuel, the saving is minimal.



Sr Delfim Netto: help from the World Bank

While credit arrangements for alcohol cars are considerably more generous (36 months compared with 12 for petrol cars), economic austerity, with wage indexation which eats away at middle class incomes in favour of poorer Brazilians, has made it impossible for many drivers to buy new cars.

Tokyo eases tension in trade row with EEC

BY JOHN WYLES IN BRUSSELS

"THE PROBLEM with you Europeans is that you are suffering from feelings of injured superiority," said a Japanese official in Brussels during a somewhat heated private argument on EEC-Japan trade in which the feelings of the three European participants sustained further damage.

While uneasy about denying the charge of injured superiority, they were much more keenly aware of a sense of frustration that Japan either could not or would not acknowledge that you can win an argument but still lose a case.

But one of the things which make Japanese diplomacy fascinating is its acute sense of timing. As eyeball moves closer to eyeball in the row over the *volume of Japanese exports* to Europe or the U.S., Tokyo's judgment of when and which concessions to make seems impeccable.

After several hours of talks at the European Commission, Mr Rokusuke Tanaka, Japan's Foreign Trade Minister, looks to have scored a crucial goal for Japan yesterday.

Against the background of increasingly threatening noises from the UK and statements of concern from that most committed European free trader, West Germany, Mr Tanaka announced that:

- The Japanese Government would advise its private sector of the importance of stepping up Japan's imports of manufactured goods.
- Japanese car exports to the EEC will not change substantially over 1980. Japan is also prepared to discuss restraint in 1982.
- Japan would try to bring down the level of tariffs on certain products of particular interest to the EEC.

Although the EEC's final judgment will be based on "watch what they do, not what they say," Mr Tanaka's statements yesterday are regarded as a major breakthrough in defusing trade tensions. Of particular significance also is the fact that the Japanese Government has chosen Brussels as the place in which to announce its concessions.

The European Commission has been fighting EEC member-states for more than a year for the authority to handle the major trade issue with Japan, but the response from the Ten governments has been grudging.

The consequent lack of a broad Community front in dealing with Japan has until now been exploited by Tokyo, but the Tanaka visit appears to promise a greater readiness to deal with the Ten on a combined basis.

The immediate importance of Mr Tanaka's statement is that it should give his Prime Minister, Mr Zenko Suzuki, a more comfortable time at the world economic summit of the seven advanced industrial nations in Ottawa next month. Mr Suzuki has been touring European capitals since the middle of last week and he can have been left in no doubt about the depth of concern about the growing Japanese penetration of certain key European markets and about the lack of opportunity which Europeans feel they have in selling into Japan.

This is why the promise of an official Japanese Government statement to its importers on the question appears so important.

Mr Tanaka emphasised yesterday that it may take time to alter the balance in the EEC's favour. The Europeans attach tremendous importance to a lead from the Japanese Government, and the detailed functioning of Japan's economic system is difficult for Europeans to grasp.

EEC, India to sign trade agreement

By K. K. Sharma in New Delhi

THE EUROPEAN Economic Community and India are to sign a five-year commercial and economic co-operation agreement next Tuesday in Brussels under which a joint commission is to be established to promote trade

Mr Pranab Mukherjee, India's Commerce Minister, will sign the agreement which has been under negotiation for several years. Negotiations were completed at official level at Brussels on April 15.

Under the agreement, India *will discuss in the joint* commission the Community's proposals for tariff adjustment

The Government also plans to present to the Commission a request for complete suspension of tariffs on new items entering the community and also take steps to improve its Generalised Scheme of Preference (GSP).

The joint commission will seek to ensure the proper functioning of the sectoral agreements between the EEC and India

Japan surprised by oil supply offer from Pemex

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

JAPAN HAS been taken aback by a sudden offer from Pemex, Mexico's state oil company, to step up its oil supplies from 100,000 to 300,000 barrels a day (b/d).

The offer is, in principle, welcome, according to Japanese trade officials; Japan has for some time been requesting an increase in shipments from Mexico. However, its timing and size pose serious problems.

Japan's oil imports have been falling recently, and the oil stockpile stands at the record level of 116 days' supply (including government-held stocks). Immediate acceptance of the extra 200,000 barrels offered by the Mexicans is virtually ruled out by the fact that there would be nowhere to store the oil.

Japanese officials believe it would be a mistake to turn down the offer simply because of short-term over-supply problems, and accordingly propose to examine it more closely.

One question which will receive particular attention is how much of the additional oil consists of heavy "Maya" oil and how much of the lighter "Isthmus" variety. Japan is not interested in taking more heavy oil, but would be glad to increase its intake of light.

Pemex is believed to have decided to increase its oil shipments to Japan after some U.S. oil companies declined to take their full contracted amounts of Mexican oil. Mexican oil prices have been lowered by about $4 per barrel recently, although they remain above Saudi Arabian levels.

Japan's embarrassment at Mexico's offer represents an ironic change from the situation in May last year when the then Prime Minister, Masayoshi Ohiro visited Mexico City to request additional oil supplies. The response of President Jose Lopez Portillo was non-committal, though not entirely negative.

- Sanyo Electric said its Japanese subsidiary Sanyo Electric Trading and Marubeni had established a joint venture with Zimbabwe interests in Salisbury to produce audio equipment. The new company is Zimbabwe Electronics.

Swiss win share of Turkey project

By John Wicks in Zurich

Siloplanning, a joint venture led by the Basle-based Universal Engineering, has been given responsibility for engineering services in connection with $200m grain storage project in Turkey.

Apart from Universal Engineering, which is affiliated to Swiss Bank Corporation, the consortium consists of Peters Windels Timm (Hamburg), Surbeck (Luebeck) and BMB (Ankara).

The project, being carried out by the government organisation TMO, *foresees* the building of a total of 38 silos with a combined capacity of over 900,000 tonnes, as well as the modernisation of existing silos. Design will take about 15 months.

Of the total capital investment, the World Bank is to contribute about $85m, the *remainder to be financed in* local currency through TMO.

- **Brown Boveri has won a DM 230m (£50m) contract from the Libyan Energy Ministry to supply a power plant.**

Counterfeiting penalties 'should be stiffened'

BY PAUL CHEESERIGHT

CRIMINAL penalties should be stiffened for those convicted of transactions involving counterfeited merchandise the International Chamber of Commerce said in Paris yesterday.

This was one of a series of proposals adopted by the ICC as it swung its weight behind the international efforts in the private sector and among governments to combat the growing practice of commercial counterfeiting.

The ICC groups together companies from a wide range of sectors throughout the world, and many of these are the victims of what the organisation calls "the menace of spreading trade in counterfeit commercial merchandise."

Counterfeiting is the practice of making a product which looks the same as a branded product with an established trademark and passing it off as the genuine article. The practice has become widespread among luxury products and in the motor components industry. Many of the complaints concern articles made in Taiwan.

The ICC declaration, which supports international efforts to have an Anti-Counterfeiting Code introduced in the General Agreement on Tariffs and Trade (Gatt), is part of a strengthening counter-attack.

Manufacturers with internationally known trademarks in fields ranging from tennis racquets to electronic goods have been especially concerned about the effect in markets of the Third World of spurious products competing with genuine trademarked goods.

The ICC, beyond calling for collective international action, urged governments individually to strengthen their laws against commercial counterfeiting.

It asked governments to remove the traditional secrecy of customs authorities so that trademark owners can be informed of any encounter with counterfeited merchandise, to forbid the re-export of counterfeit items and take steps and to ensure that those involved in transactions of counterfeit goods gain no commercial advantage from them.

Such demands fit readily into the developing pattern of international thinking on how to cope with the counterfeiting problem. One aim has been to induce the Taiwanese authorities to increase the penalties for the manufacture of counterfeit goods. This has been successful, although western manufacturers are waiting to see whether a new Taiwanese code will be administered stringently.

David Buchan, in Washington reports on an Administration scheme which is aimed at boosting exports and closing the trade deficit

Reagan plans handsome tax incentive for U.S. expatriates

PRESIDENT REAGAN is proposing to give U.S. expatriates a handsome tax break in the name of increasing exports.

His revamped tax plan, which is before Congress, would allow Americans to pay no U.S. tax on their first $50,000 of foreign earned income and on half of the next $50,000.

This flat exemption, worth much more than a series of tax-deductible items it would replace, would be a big concession by the U.S. Government, which remains the only major country in the world to tax its citizens regardless of the fact that they may live outside its borders. The Philippines does the same, but has a minute, top tax rate of 3 per cent.

U.S. expatriates would thus be exempt from U.S. tax on up to $75,000 of their "foreign earned income," defined as money earned by services performed outside the U.S. But foreign governments will still, of course, continue to impose their taxes on Americans abroad.

The benefits of the Reagan plan will go less to Americans working in high-tax countries like Canada and Western Europe, and more to low tax areas such as the Middle East.

This is because U.S. expatriates will still be given a full tax credit for the foreign taxes they pay: they can subtract dollar-for-dollar foreign tax payments from their U.S. tax bill.

The tax break is designed by the Reagan Administration as one of a number of reforms to boost U.S. exports and close its chronic trade deficit. Other steps include a White House push to clarify the U.S. law making it illegal to make overseas payments in an effort to win contracts.

The theory behind the proposed tax code change is that U.S. exports have slipped partly because U.S. and non-U.S. companies have found it cheaper to employ non-Americans outside the U.S. who only have to shoulder the taxes of the country they are living in. It is believed that Americans abroad promote their country's goods more vigorously than local personnel.

The Reagan plan is aimed at providing a positive monetary incentive for Americans to get out and export, and also to simplify the present system.

Confident that its new scheme will reap a greater export harvest, the Reagan Administration is willing to lose $300m in 1981-82 and $500m in 1982-83 in tax revenue.

These are the official figures published recently, but officials said they probably understated the loss since they are based on the 125,000-150,000 Americans abroad who file for special deductions.

Obviously, if the policy works, more Americans will go abroad and the degree of loss will rise.

All that would remain under the Reagan plan of the present raft of tax deductible items for overseas Americans is a housing allowance.

Americans abroad can deduct housing, education of children, home travel to the U.S. (once a year), and special hardship area incentives—up to $5,000—from their U.S. taxable income. If they work in camps or remote areas for charities or construction companies, some are allowed to take a flat $20,000 deduction.

But none of these is remotely worth what Mr Reagan is proposing. The Reagan plan is aimed at providing a positive monetary incentive for Americans to get out and export, and also to simplify the present system.

But one treasury official commented that leaving the housing allowance untouched still keeps in business those many lawyers who have set up shop near U.S. expatriates around the world to specialise in their U.S. tax problems.

"The lawyers will still be arguing that maid service counts in the housing allowance, that draperies *should be included*, and so on," the official said acidly.

The Reagan plan is considered likely to be passed on Capitol Hill. Other bills are circulating in Congress, but they are all at least as generous to the U.S. expatriate businessman.

This is a sharp contrast to the mood in the 1970s when the political mood was to tighten up on overseas tax.

The tax change would have its biggest impact in the Middle East, where the U.S. has felt it has been losing out on business deals and U.S. companies have complained that to send out a $30,000-a-year middle manager costs them $100,000 a year once taxes and expenses are met.

Saudi Arabia, for instance, has high costs—beyond deductible levels allowed by the U.S. Internal Revenue Service—but low or non-existent taxes (thus providing no offset against U.S. tax).

The lobbying for the tax change has, as always, reflected its beneficiaries. The most involved has been the National Constructors' Association, whose members are busy in construction in the Middle East.

President Reagan: new encouragement

Masters' negligence caused sea collision

By Raymond Hughes, Law Courts Correspondent

THE FAILURE of two ships to comply with elementary rules of safe navigation caused a $10m collision (£5m) the Admiralty Court held yesterday.

As a result of the collision, which took place in dense fog off the east coast of England in May, 1978, the Green tanker Eleni V was cut in two and serious oil pollution was caused.

The court ruled that the Eleni V was 60 per cent to blame for the collision, the principle cause of which had been the vessel's unjustified and totally inexcusable turn to port minutes before the impact.

Had that change of course not been made the Eleni V and the French bulk carrier Roseline would have passed at least 400 yards from each other, said Mr Justice Sheen.

The change of heading had changed a dangerous close pass into a dramatically dangerous crossing, said the judge.

The Roseline was at fault in her lack of reaction to the Elena V's change of course and because if proper use had been made of her radar she could have taken action to avoid the collision.

Both vessels had been at fault in proceeding too fast in fog and in allowing themselves to come to close quarters.

The judge said that no one hearing the facts of the case could fail to ask how two ships, each equipped with and operating two radar sets, could collide.

The short answer was that the ships were not being navigated in accordance with international collision regulations, or with the seamanlike prudence which accorded with commonsense and which was reflected in many of the regulations.

A well-run ship would be navigated in accordance with the regulations. It was the duty of owners to make sure their masters understood their duties.

Applied Computing

APPLIED COMPUTING and Software, parent of the ACS group of companies, has asked us to point out that it has no connection with Apparel Computer Services, also known as ACS, which, as reported on Friday, has gone into liquidation.

National Bus Company's £11.8m net loss is first for six years

BY LYNTON McLAIN, TRANSPORT CORRESPONDENT

THE STATE-OWNED National Bus Company, the biggest bus operator, suffered a sharp decline in trading profits last year from £15.1m to £5.5m, and recorded its first net loss, £11.8m, after tax and interest payments, for six years, according to the 1980 annual report yesterday.

The net loss after interest and tax payments compares with a net surplus of £6.2m in 1979 and £17.7m in 1978, when National Bus had a record trading surplus of £30.7m

It controls 35 regional and local companies, runs Victoria Coach Station, and carries two-and-a-half times as many passengers as British Rail.

The downturn in its performance is largely because of the slump in demand for transport, which cost it £35m in lost revenue.

But retention of an operating profit last year was a major achievement, Lord Shepherd, the chairman, said yesterday.

The company cut costs by £26m last year. If the economic climate had been stable this would almost have brought it back to the "healthy financial position of 1978," he said in the foreword to the annual report.

National Bus met its financial obligations to the Government.

These included meeting in full the interest charges on the commencing capital debt of £97.6m inherited when it was formed 13 years ago, paying interest on long-term leans and operating inside the original external finance limit of £85m for the 1980-81 financial year.

British Rail, which also suffered a loss of revenue last year, increased external finance limit from £750m to £790m to counter the effects of the slump in demand in 1980-81.

The National Bus 1981-82 external finance limit is £75m, the total amount it can borrow, including grants.

It earned 93 per cent of its £581.9m revenue from fares last year, a higher proportion than in 1979. The balance, 7 per cent, was from local authority grants.

The financial target set for the company by Mr Norman Fowler, the Transport Secretary, last month, calls on National Bus to cut bus operating costs by 3 per cent in real terms by the end of the year, and achieve a current-cost operating surplus of £18.5m before interest payments and tax in 1985.

NATIONAL BUS COMPANY

	1980	1979	1978	1977
Working expenses per vehicle mile		(pence)		
Outturn	91.9	73.6	61.5	55.1
Real terms	91.9	86.8	82.3	79.8
Vehicle miles per employee		(000s)		
Platform staff	19.6	18.2	18.1	17.8
Non-platform staff	24.7	23.8	24.6	25.1
All staff	10.9	10.3	10.4	10.4
Vehicle miles per vehicle	40.9	37.4	37.9	36.0
Per employee	27.2	27.0	26.6	26.5
Per vehicle	101.8	97.6	96.9	91.7
		%		
Passenger receipts as a percentage of turnover	92.9	92.5	93.7	93.1
Local authority revenue support as a percentage of turnover	7.1	7.5	6.3	6.9
Average fare per passenger journey		(pence)		
Outturn	28.4	22.3	19.8	17.5
Real terms	28.4	26.3	26.6	25.4
Reliability		%		
(Lost mileage as a percentage of total mileage)	0.97	2.73	1.46	1.29

Miners' hard line keeps aid rolling in

Martin Dickson looks at the consequences of more government cash for the NCB

THE NEW package of aid for the National Coal Board underlines a big change in the Conservative Government's policy towards the industry—the result of recession and miners' militancy.

The policy spelt out by the Government in the wake of the 1979 election was built on two principles.

Ministers acknowledged that the industry had a bright future as oil supplies diminished and coal came to plug the energy gap. It was therefore vital for the Government to support a capital investment programme.

Rapid return

Second, this capital investment should show a rapid return, with the NCB producing genuine profitability rather than relying on government grants. Market forces should be allowed full play with no limitations on imports, thereby squeezing Coal Board inefficiency.

These principles were embodied in a Coal Industry Bill presented to Parliament a year ago. On the one hand, the Government greatly increased the NCB's borrowing ceiling, allowed it to defer interest on certain loans and promised improved payments to miners made redundant or transferred from elderly pits to long-life ones.

On the other hand it insisted that the NCB should break even financially by 1983-84. Operating grants from the Government worth nearly £200m in 1979-80 were to be cut progressively to nothing.

Many people, including Sir Derek Ezra, NCB chairman, and Mr Joe Gormley, president of the National Union of Mineworkers, warned that the Government was setting too early a target for profitability, particularly because Britain was entering a recession, and that the Bill was a recipe for pit closures.

Last February those prophecies proved true when the NCB announced plans to shut 23 pits in the coming year, partly because of the government financial constraints but mainly because the bottom had dropped out of the coal market.

Faced with wildcat strikes and a threatened national stoppage, the Government capitulated and agreed to review its financial policy.

The results of that review, announced this week, were an increase of £231m in the NCB's external financing limit — the grants it receives and the money it can borrow — taking the total to £1,117m.

The extra money will be used in part to ensure that the coal industry continues with its capital investment plan, thus retaining a key element of the Government's original strategy.

But it will also keep open loss-making pits which were on the NCB's closure list, subsidise domestic coal sales and reduce coal imports. The Government's commitment to free trade and market forces has gone.

Furthermore, the composition of the extra money means that the Government has abandoned (at least for this year) its plan to reduce coal industry operating grants progressively. Originally the Government planned to give the board £250m in grants this year with £150m for operational purposes and £100m for social purposes such as miners' pensions. Now operational grants will rise by £300m, making a total of £550m against £250m.

This changed attitude also implies that the Government is abandoning its 1983-84 break-even target. The recession means the market outlook remains bleak and further aid seems certain to be needed over the next few years if February's confrontation is not to be repeated.

The additional assistance will fulfil three major roles for the NCB. First and arguably most important, it will enable the board to keep up its capital spending programme, preparing for the bright future promised some way down the road.

Secondly, it will enable the NCB to avoid a confrontation with its miners over pit closures and the loss of morale and possibly of productivity gains, which this could entail.

Third, subsidies to block imports and bolster exports, with government aid for industry to convert from oil to coal firing, should give a boost to its market.

But the government aid, large though it is, is far from being a total panacea for the severe effects of the recession on the NCB's markets.

More grants

There seems to be litte option but more Government grants in the next few years. They will subsidise production which is not needed but avoid the social disruption and political confrontation which would be involved in wholesale closure of the heaviest loss-making pits.

The danger is that the Government may have made a rod for its own back, encouraging miners to go for particularly large wage claims this autumn in the belief that Ministers will fight shy of another confrontation, and encouraging other nationalised industries to seek additional aid.

Vauxhall to axe 360 more jobs

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

VAUXHALL, the UK subsidiary of General Motors, is to make further cuts in its workfore. The company blames the severe recession in truck sales.

Up to 360 hourly-paid workers at the Dunstable truck plant will be affected. They are people who applied for voluntary redundancy under Vauxhall's earlier programme of cuts but whose applications were not accepted at the time. Now the company has asked if they still want to leave.

In January Vauxhall announced a plan to cut the workforce at its three plants by 5,700 roughly one in five of the 29,000 employees it had on the books.

It received many more applications than it required at both the Luton and Dunstable plants. The Ellesmere Port employees on Merseyside were not so willing.

However, Vauxhall achieved most of the 5,700 voluntary redundancies it wanted and since then a further 300 have left the Luton van production lines.

They, too, were people whose first application for voluntary redundancy had been turned down.

If Vauxhall does cut all 360 jobs at Dunstable it will have reduced its total workforce since January by nearly 22 per cent.

Under the first programme of job reductions 900 employees left Dunstable, reducing the total at the plant to 4,400.

Vauxhall said yesterday that as the UK truck market continued to be very depressed and showed no signs of early recovery it had reviewed again its labour requirements at Dunstable. Sales are down by nearly 50 per cent from the peak in 1979.

Job reductions at the plant would not make any difference to the short-time working at Dunstable, it said.

However, the Luton car assembly lines, which are on a four-day week, will be going back to full five-day, single-shift working from June 22.

Vauxhall says this is partly because it has its car stocks down to acceptable levels and partly because it is building up launch stocks for the "J" car, a replacement for the Cavalier in Britain, which is due to go on sale in the autumn.

Revitalised nuclear programme urged

BY SUE CAMERON

ELECTRICITY prices paid by British manufacturers are higher than in almost every other Western industrialised nation, according to a survey by National Utility Services, a U.S.-based energy pricing consultancy.

The survey, which covered Europe, North America, Australia and South Africa, shows that UK electricity charges to industrial and commercial consumers are higher than in any of the other countries, except for Belgium.

The authors of the survey warn that the "outlook for the future containment of British electricity prices is bleak." They predict that annual electricity price rises in Britain "will continue to exceed inflation by around 5 per cent—unless the UK's disappointing nuclear generation programme can be revitalised quickly."

Belgian manufacturers have the biggest electricity bills paying 7.38 U.S. cents per kilowatt hour in the year ending April 1981. The cheapest country was Canada, where the average price for industrial electricity for the year was 2.93 cents. The average price in Britain was 7.09 cents.

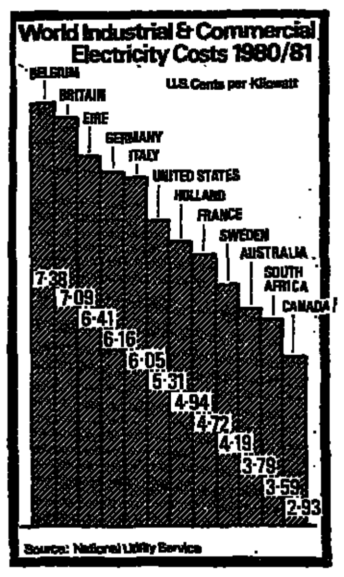
But the survey shows that although UK unit charges are among the highest, the rate of increase in electricity prices in Britain is beginning to ease marginally.

Charges for UK industrial and commercial consumers rose by 16.7 per cent in the year ending April, 1981. Prices in Belgium rose by 30.9 per cent. Those in Italy went up by 26 per cent and in the U.S. by 22.1 per cent. Ireland, Holland and Australia also had steeper electricity price increases

The authors of the survey, which was based on the electricity prices paid by 750,000 commercial and industrial users throughout the world, say countries using nuclear power as a significant generating source are "best able to contain prices."

They say Britain's nuclear generation provides only some 12 per cent of the UK's total electricity needs. It is scheduled to rise to about 30 per cent by the year 2000.

Yesterday National Utility Services said that Britain, without significant hydro-generation resources and continuing coal price rises, "has little option but to urgently accelerate the building of nuclear power stations."



UK NEWS

Lloyd's chairman reveals delay in Bill on self-regulation

BY JOHN MOORE

THE BILL to improve self-regulation at Lloyd's will not become law in the present session of Parliament. Lloyd's will now apply for a "carry over" motion which will allow the Bill to continue its passage in the next session.

Mr. Peter Green, Lloyd's chairman, discussed the stormy passage of the Bill with more than 3,000 members at an extraordinary general meeting yesterday.

Trading stopped for 50 minutes in the underwriting room, which is about the size of an aircraft hangar, to accommodate the largest meeting that Lloyd's has held on its Lime Street premises.

Individuals who usually have to show £100,000 before they join Lloyd's mingled with the underwriters and brokers as Mr Green, speaking from a platform in front of the Lutine bell, said that the Bill faced a delay of between six and seven months.

Lloyd's clash with Parliament is over conflicts of interests. A Commons committee has ruled that the brokers should not own the underwriters, and that those groups which run underwriting syndicates at Lloyd's should not be able to introduce new members of Lloyd's to those syndicates, a function carried out by members' agents.

The committee feels that it would be wrong to grant Lloyd's wide self-regulatory powers, which is what the market is seeking, if conflicts of interests which undermine the effectiveness of such powers.

Lloyd's accepts that it will have to meet Parliament on the requirement that brokers should not own underwriters, but it is hostile to the argument that managing agents should not act as members' agents.

Mr Green said Lloyd's had told the committee that "we believed that the severing of these two functions would greatly weaken the market and was not in the best interests of Lloyd's.

Lloyd's own ruling committee does not intend to recommend to its members that they should vote in favour of the amendment required by Parliament, and is intending only to put the arguments for and against.

Mr Green added: "While it would be improper for your committee to attempt to lead the membership on this issue, it cannot be improper for underwriting agents to give advice to their individual members.

"Indeed, it has always been their duty to give advice to their members on matters affecting members' interests.

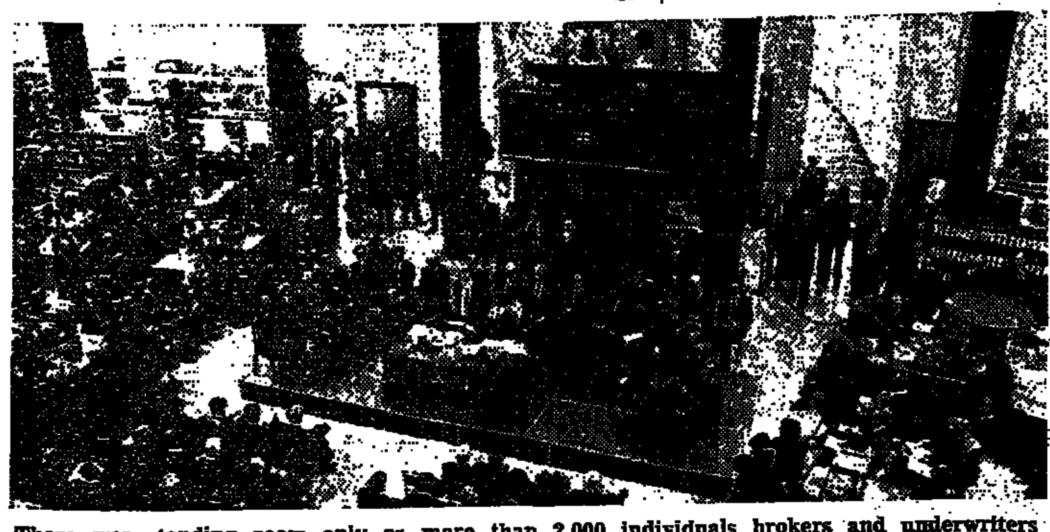
Most underwriting agents are opposed to divorcing their managing and members' agencies, and are urging members to vote against the proposal.

The meeting approved a postal ballot for a vote on the required amendments. The vote will take place on July 17 and Lloyd's will report back to Parliament on July 20.

Mr Green assured Mr Ronald Comery, a director of Alexander Howden, a broker with large underwriting interests and one of the companies most affected by the parliamentary decision, that it would be possible to petition against the ruling of separation of broking and underwriting interests.

Mr Anthony Mitchley, deputy chairman of the Association of External Members of Lloyd's, questioned Mr Green on what chance there would be for members who had suffered losses to seek legal recovery against Lloyd's if the market was protected by legal immunity, which will form part of the new legislation.

The association, which was formed recently, describes itself as "new force at Lloyd's." It aims to represent the 16,000 members who do not work at Lloyd's but who commit their wealth to allow the market to function.



There was standing room only as more than 2,000 individuals brokers and underwriters crowded into the underwriting room at Lloyd's yesterday to hear the latest on the self-regulation Bill

Unit Trust sales for May total £73.9m

INVESTORS are still flocking to unit trusts, but not in quite the record numbers seen earlier this year. Sales of new units in May totalled £73.9m, a healthy figure by 1980's somewhat disappointing standards but well below the peak £107.4m of new units sold in April. In February and March this year new sales amounted to £84.6m and £99.6m respectively.

Units cashed in last month totalled £37.49m—a little above average for the first five months of 1981—leaving new investment in May of £36.43m, the fifth highest in the unit trust industry's history.

Mr Mark St. Giles, chairman of the Unit Trust Association, said yesterday: "The figures reflect a continuing trend of good unit trust sales. There is no formal breakdown but I would guess that a large part of the new money is still going into overseas funds."

The UTA statistics show that in the first five months of 1981 new sales were £429m, compared with only £155m at this stage last year and £211m in the equivalent period of 1979. Net new investment in January to May, 1981, was £247m (first five months of 1980: net disinvestment of £5.5m; first five months of 1979: net investment £30.5m).

The association points out that only one new fund was launched last month and that the 24 gilt/gilt and fixed interest funds pulled in £4.6m in May.

Gilt funds, which unit trust groups have been able to market since important tax concessions were granted last year, have proved highly popular in the last few months. But the disappointing setback in the gilt-edged market clearly has discouraged investors.

The total value of the 480 authorised unit trusts at the end of May was £5.845bn, compared with £5.881bn at the end of April and £4.138bn at the end of May 1980.

'Peace' move fails

OUT-OF-COURT talks yesterday failed to settle the libel action being pursued by industrialist Mr Chaim Schreiber and Hotpoint, one of his companies, against Thames TV. The High Court hearing, which centres on allegations in a 1978 TV Eye programme, began on Tuesday and is expected to last three weeks. Thames denies libel.

Mersey gloom eases

EXPORTS from Merseyside have increased significantly in the past three months, according to a local survey. A total of 46 companies reported that export deliveries in the second quarter of this year were 28 per cent up on the first three months while export orders rose by 29 per cent. On the home market orders were 14 per cent up and deliveries up 7 per cent. More companies were working at higher capacity.

High-power drive

ASTON MARTIN expects to sell 25 of its £35,000 Lagonda cars in the Middle East this year and at least 50 next year. Mr Victor Gauntlett, executive chairman, is on an 11-day tour of the region as part of a sales campaign. Other markets to be opened up soon are the U.S., France, Holland and Belgium.

SE suspension

A FORMER associate member of brokers Paul Schneder Miller has been found guilty of technical breaches of Stock Exchange rules on personal dealings by members and of giving false evidence to an investigating hearing. Mr. David Steven Bolson was strongly criticised by the exchange's disciplinary committee and suspended from dealing for a year.

Shares plan attacked

THE complexity of proposed measures for the disclosure of interests will lead to difficulties of interpretation, the Institute of Chartered Secretaries and Administration has told the Government.

ACC plant axed

ASSOCIATED Communications Corporation is to close its audio record factory at Mitcham, Surrey, with the loss of 180 jobs. The company is to expand its selling and distribution activities.

Video discs on way

THORN-EMI is to start making video discs next year at a factory in Swindon and at its subsidiary EMI-Electrola in Cologne, Germany, ready for the launch of the VHD video-disc player in June. The factories will have an annual capacity of 3m discs.

Award for Forte

SIR CHARLES FORTE, executive chairman of the Trusthouse Forte hotel an catering group, has been awarded the 1981 Free Enterprise Award presented by Aims of Industry, the free enterprise organisation.

NHS reshuffle

THE National Health Service in Wales is to be reorganised next year into 36 units and the 17 district health authorities abolished to help cut management costs.

Dunlop chairman to be next CBI chief

By John Elliott

THE NEXT president of the Confederation of British Industry is to be Sir Campbell Fraser, chairman of Dunlop Holdings.

Elected deputy president yesterday, he will take over the presidency from Sir Raymond Pennock next spring. Sir Campbell, 58, is also chairman of Scottish TV, and a director of British Petroleum, British American Tobacco, Finance for Industry, and the Finance Corporation for Industry.

Sir Campbell's appointment will be widely welcomed among CBI members. He was one of

Sir Campbell Fraser

three candidates considered earlier this year, the others being Sir Adrian Cadbury, chairman of Cadbury Schweppes, and Sir Alex Jarratt, chairman of Reed International.

All three men were then thought to be too busy with their own company's affairs to take over the post. However, since then Sir Campbell has successfully seen through the divorce of Dunlop and Pirelli, which has reduced his immediate company problems, and he has been persuaded to accept the post.

An outspoken and ebullient Scot, he became chairman of Dunlop in 1978 having been made managing director in 1972. He is unusual among top industrialists in that he started his career with Dunlop in charge of public relations.

Before that he had a variety of jobs, including being an economist with the Royal Cotton Commission, a regular broadcaster on Woman's Hour and other programmes, and a journalist on the staff of the Economist Intelligence Unit.

He has been chairman of the CBI's economic situation committee, which is in charge of its industrial trend surveys, and is now chairman of the industrial policy committee. He believes in more industrial intervention than there is at present.

Sir Campbell was born in Dunblane, Perthshire and educated at Glasgow University and the Dundee School of Economics. He is married, with two daughters.

Output stabilises, but no sign yet of recovery

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

INDUSTRIAL output in the UK broadly stabilised in the first four months of this year. But there are no signs of any general recovery.

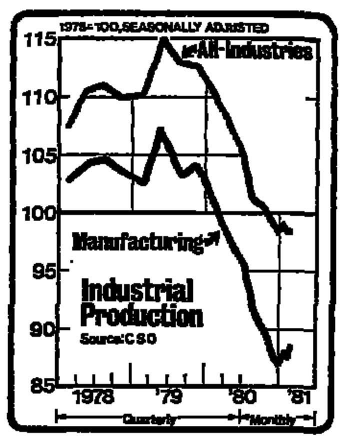
Central Statistical Office figures published yesterday provide the firmest evidence so far that the recession has levelled out.

The all-industries index in April was 98.6 (1975=100) compared with 98.8 in March and thus in the same broad range as it has been since January.

A significant new feature is that manufacturing production rose slightly in April. Over the latest three months manufacturing output has fluctuated about a level only marginally below that at the end of 1980.

In manufacturing, there are signs that the position in the engineering sector in recent months has not been quite as bad as previously thought since its output has been broadly stable since January. There has been a pick-up in vehicles production.

The chemicals sector, which tends to move ahead of the economy as a whole, shows some tentative signs of recovery. The output of the chemicals, coal and petroleum products industries between February and April was 1.4 per cent higher than in the previous three months.



On the same comparison metal manufacturing production was 10.5 per cent up, though this was from a very low base after last year's British Steel dispute.

Otherwise, the picture over the last two or three months has been fairly flat with small declines in some sectors on a three-month comparison the output of consumer goods industries was 0.2 per cent up and that of intermediate goods industries was 1.4 per cent higher. In contrast, investment goods production was 2.9 per cent down.

Outside manufacturing a further rise in North Sea oil and gas production has broadly offset a further drop in construction activity. Repair and maintenance work has fallen particularly sharply.

The stabilisation of output is, however, only after a record fall in the last year. For example, industrial output as a whole between February and April was 8½ per cent below its level in the same period a year ago, though the 1980 figure had been depressed by the steel strike. The fall would have been 10½ per cent without North Sea oil and gas production.

On the same comparison manufacturing output was 11 per cent down, with falls of 15 per cent in the engineering and allied industries, 14 per cent in the textiles, leather and clothing sectors, 9 per cent in chemicals and 2 per cent in the food, drink and tobacco industries.

Steel stockholders see no upturn

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

STEEL STOCKHOLDERS, regarded as a key indicator in the economic cycle, said yesterday that they could see no sign of an upturn in economic activity.

Mr Edward Johnson, president of the National Association of Steel Stockholders, said that some of the contraction of steel-using industries in the recession "is likely to be permanent.

"We have sat on the sidelines as we have watched the producers squirm with the contraction of the market. We are going to have to face the same thing."

The association expected that the combination of mandatory and voluntary controls to be imposed on the EEC steel industry by the Commission next month would raise the price of European steel by 10-15 per cent.

This would reduce some disparity between prices quoted for steel and the British Steel Corporation's list prices.

He warned that the steel stockholders planned to raise their prices if the European effort succeeded, enabling them to restore some profit margins.

The stockholding business has been slowly increasing its share of steel sales to between 40 and 60 per cent of total deliveries in the UK.

The intention is to increase this further, persuading customers that they can reduce stocks of steel to their financial advantage.

Many companies still carry about 12 weeks of stock when their expected level of activity would justify this being reduced to about eight weeks, say the stockholders.

Steel stockholders expect to have to lodge price lists with the European Commission on July 1 as part of the Commission's move to tighten control of the industry. It is expected that the Commission will have power of access to the books of steel customers to strengthen its monitoring.

Police in Brixton 'had iron bars'

A FREELANCE journalist told Lord Scarman's inquiry yesterday that she saw two plain-clothes policemen carrying iron bars during the Brixton riots.

The inquiry was told by a senior police officer, that crime in the area was so bad he would not allow his wife to walk through there after 6 pm.

Detective Chief Superintendent Jeremy Plowman said Railton Road, scene of numerous clashes, was a squalid area where Rastafarians with an "anti-authority attitude" gathered. He said they engaged in handling drugs, illegal drinking, and, he believed, receiving stolen property.

The journalist, Miss Caroline Tisdall, who lives in Brixton, told the hearing at Lambeth town hall that she saw two men, apparently plainclothes policemen, moving with a column of police in Mayall Road.

Both were carrying two-and-a-half foot long iron bars. One bar was painted pale green, the other was unpainted.

She told the man with the painted bar that it made a terrible impression and it would be better if he put it down.

"He was in some excitement and said that 'It's great' and 'like Notting Hill'."

Miss Tisdall photographed incidents. She said she saw petrol bombs. She was unable to say where they came from, but had the impression they were not part of a plot.

She also saw looting in full view of the police, which they made no attempt to stop, she said.

She tried to witness the arrest of a young black man in Coldharbour Lane, who was being held against a wall and beaten. But an officer told her: "We don't want Press here."

In another incident, she said she saw police officers attack photographer Mr Neil Martinson and smash his camera.

"Officers tried to punch him and they were aiming at the groin," she said.

Questioned by Mr. John Hazan, for the Metropolitan Police Commissioner, Miss Tisdall agreed she had written articles for the Guardian newspaper, but said they were not predominantly critical of the authorities.

Mr Hazan said: "I have to suggest that you are anything but a responsible journalist."

Miss Tisdall replied that she was giving evidence to an inquiry, and not a trial.

Oldham mill to close with 200 jobs loss

By Rhys David

SHILOH SPINNERS is to close its Roy Ring mill in Oldham with the loss of 200 jobs. The company, one of the few remaining publicly quoted independent Lancashire spinners, made a loss last year in spinning of £373,000.

The group loss was £295,000 after profits of £78,000 in its disposables and non-woven textiles business are taken into account.

Chairman Mr Edmund Gartside said Turkish yarn was being sold in the UK at 95p per kilo compared with a quoted price of 1.05 for Turkish raw cotton. Turkish exports of yarn to the UK are regulated by an informal EEC agreement, but no evidence has been available for some months on the level of shipments because of the Civil Service dispute.

West Indian 'resentment' over schools

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

MANY West Indian families in Britain are resentful of their children's poor progress in state schools, says the Committee of Inquiry into the Education of Children from Ethnic Minority Groups.

The resentment is leading West Indian communities increasingly to set up their own "supplementary" schools to provide extra tuition, usually at the weekend, in West Indian culture as well as in English and mathematics.

The interim report, published by the committee yesterday, says only about 3 per cent of pupils from West Indian families leave state schools with five or more higher grades in the national 16-plus examinations.

This compares with 18 per cent of school-leavers from Asian families and 16 per cent of all other school-leavers.

The report is a modified version of an original draft which caused disagreement between education ministers and Mr. Anthony Rampton, who was appointed chairman when the committee was formed by the Labour Government two years ago.

Mr Rampton resigned together with three other committee members and was replaced last month by Lord Swann, former chairman of the BBC.

The main reason for the clash was evidently the original draft's assertions that the poor progress of West Indian pupils was mainly caused by prejudice against them throughout the education system coupled with home problems associated with the generally below-average incomes of the pupils' parents. Ministers thought these conclusions were insufficiently supported by factual evidence and were reluctant to have them published.

The modified version still mentions prejudice, often unintentional, against West Indian pupils and the relatively poor circumstances of their parents among more than a dozen reasons for the poor progress.

But the committee now says no particular factor can reasonably be viewed as the main cause.

The report lists more than 80 proposals for remedial action by the Department of Education and Science, local education authorities, the Manpower Services Commission and the Home Office.

West Indian Children in our Schools, Cmnd 8273. SO; £5.30.

Akroyd is ready for battle over Hedderwick

By Christine Moir

A LEGAL battle is about to begin between Akroyd and Smithers — the jobbing firm which lost £1.87m in the collapse of brokers Hedderwick Stirling Grumbar—and Mr Martin Fidler, Hedderwick's liquidator, and National Westminster Bank.

Akroyd is laying "proprietory" claim to the sum of £1.87m which forms part of Hedderwick's frozen bank accounts at National Westminster, but Mr Fiddler has been "advised to resist the claim." He believes the money belongs equally to all Hedderwick's creditors and Akroyd should not be permitted to jump the queue.

The initial estimates of Hedderwick's financial position suggest that all creditors could ultimately expect to be paid in full, Akroyd included. However, the winding up process could take two years and the sum involved could have accrued interest of more than £350,000.

Akroyd clearly wants to be the beneficiary of that interest and believes it has a just claim to be reimbursed immediately.

Yesterday Mr David LeRoy Lewis, chairman of Akroid, a quoted company, explained how the sum was lost.

On April 2, Hedderwick, carrying out a transaction believed to be on behalf of Farrington Stead, the Manchester investment house which is in bankruptcy and being sued by Hedderwick, made a bear sale in £1.87m of a gilt-edged stock to Akroyd.

On April 9 it repurchased the same stock at a price of £1.85m, showing a £290,000 profit to Hedderwick's client.

The deals were to be settled according to normal Stock Market practice, by being made up on April 10. This involved Akroyd sending Hedderwick a cheque for £1.87m so it would be in funds to send Akroyd £1.85m.

Akroyd's cheque was accepted by National Westminster Bank but, unfortunately, April 10 was the day Hedderwick's problems blew up and the bank refused to honour Hedderwick's cheque to Akroyd.

Akroyd's funds now form part of Hedderwick's frozen bank account, but Akroyd believes it should be differentiated from other funds in the account. Mr Fidler's legal advisers deny this is possible in law.

Although Akroyd has decided on court action because of its obligations to its shareholders, Mr LeRoy Lewis said he still hoped it could be conducted in such way as to minimise the costs to Hedderwick's creditors, of which the Stock Exchange compensation fund will be the largest.

Chief appointed for financial futures market

By David Marsh

THE GROUP of City institutions planning to set up a financial futures market in London yesterday appointed a chief executive to run the exchange.

He is Mr Michael Jenkins, 48, joint managing director of the European Options Exchange in Amsterdam for two years up to November 1979.

Mr. Jenkins had particular responsibility for developing the Amsterdam exchange—which started in 1978 but is still running at below target levels of activity.

The London financial futures market will run on similar lines to those already established in Chicago and elsewhere in North America.

Planned to start by next spring or summer, the market will allow financial institutions and individual dealers to trade in forward contracts in interest rate instruments and currencies.

Private sector 'should do more research for state purchasing'

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE GOVERNMENT wants the private sector to carry out more research and development work on products bought by the public sector.

This would substantially reduce the amount of research work carried out by the Government itself, the Industry Department said.

The department yesterday published its official response to a report on research and development for public purchasing produced in March last year by the Cabinet Office's Advisory Council for Applied Research and Development.

"The Government agrees with the ACARD report that the private sector should undertake a greater share of the research and development which supports public purchasing," the department said.

"This would lead to greater attention being given to the technological capability of the private sector."

This approach fits in with the public purchasing initiative launched last year by Sir Keith Joseph, Industry Secretary. He wants public sector organisations to work more closely with the British suppliers so that products developed in the UK can be used at home and exported.

About £1.1bn—63 per cent—of public expenditure on public purchasing research and development is already contracted out to the private sector. Defence spending, at £920m, dominates the overall figures and 69 per cent of this is contracted out.

Nationalised industries and public corporations which have substantial research and development programmes asked to review their arrangements to increase the involvement of private sector suppliers. Many nationalised industries, such as the National Coal Board, already do this to a considerable extent.

BSR introduces tape noise reduction system

BY JASON CRISP

BSR, THE loss-making record turntable company, yesterday launched a noise reduction system on the UK market which is claimed to eliminate totally background noise on hi-fi tapes. The company hopes to challenge Dolby, which dominated the noise reduction business in the 1970s.

The dbx system from BSR has already been licensed by a number of hi-fi companies including Technics, Yamaha and Trio.

Mr Garth Wooldridge, managing director of BSR, announced at the launch that the company is negotiating to buy the rest of Astec, the Hong Kong based company which makes computer peripherals and a range of electronics equipment in the Far East. BSR currently owns 54 per cent of Astec.

BSR recently bought Capetronic, a hi-fi company with five factories in Taiwan and one in Chicago. Its sales last year totalled $131m.

Mr Wooldridge said the acquisitions would raise BSR's turnover by 70 per cent this year, and the majority of its business would be in electronics. Last year the company sales were £141.3m, nearly 15m lower than the year before.

Record turntables accounted for 48 per cent of turnover last year. Because of the increase in size of the business these will account for 25 per cent of sales this year. Mr Wooldridge said turntables "were not losing, in monetary terms".

BSR bought Dbx, a U.S. top range hi-fi company based in Boston, in 1979. Top range hi-fi cassette players are sold in U.S. with the noise reduction system licensed from BSR.

Separate units which can be connected to hi-fi systems using the system will be available in the UK from August. The price will be £120 or £150, depending on the number of heads the cassette player has.

Changes at Midland Bank

BY OUR BANKING CORRESPONDENT

MR GEOFFREY TAYLOR, chief executive of Midland Bank International, has been appointed one of the two new deputy chief executives of Midland Bank Group.

His appointment, with that of Mr John Brooks, takes effect from July 1 and coincides with the retirement of Mr Malcolm Wilcox, one of the bank's two chief general managers.

Mr Stuart Graham, the other chief general manager, takes over as chief executive of the group on that date.

Mr Taylor retains overall responsibility for international operations, but will be replaced as chief executive of Midland Bank International by Mr J. G. Harris.

Mr John Brooks, the other new group deputy chief executive, assumes responsibility for group domestic banking and central services. Among other new appointments are D. W. Kitching to chief executive (corporate finance), at present a deputy chief general manager; and Mr J. D. Greenwell, chief executive (branch banking).

● Mr Alan Moore, who joined Lloyds Bank International from Bahrain Monetary Authority last year, becomes the bank's treasurer. He is replaced as director Middle East and Africa by Mr Brian Ashby, a director of LBI until recently seconded to Lloyds Bank.

Constable fails to sell

SALEROOM

BY ANTONY THORNCROFT

ONE OF Constable's favourite views, of Dedham Vale, failed to attract a buyer at Sotheby's British paintings sale yesterday. The bidding stopped at £32,000 while the saleroom hoped for at least twice as much.

The top price, in an auction which totalled £421,930, was the £29,000 paid for a portrait of Sir John van Hatten painted in 1755 by Arthur Devis. It was bought by the London dealer Leggatt.

The States of Alderney paid £32,000 for a portrait by John Linnell of General John le Mesurier and his wife. The general was the last hereditary governor of Alderney, releasing the patent to the Crown in 1825.

Other high prices were the £18,000 from Leggatt for a pair of portraits by Constable of Thomas Lea and his wife and children; £15,000 from Owen Edgar for a view of Rouen by John Crome; and £14,000 for an equestrian scene by Gilpin.

Sotheby's also sold the second part of the Duke of Northumberland's collection of European historical medals, mainly collected in the 18th century by the first Duchess. The two-session total was £412,082.

UK NEWS—PARLIAMENT and POLITICS

Proposals on role of capital allowances

By Ivor Owen

PROPOSALS for changing the conditions attaching to capital allowances — they lower tax liability of companies which invest in plants and machinery — are to be considered by the Government.

Mr Nigel Lawson, Financial Secretary to the Treasury, told the Commons standing committee considering the Finance Bill that the role of capital allowances will be among the issues covered by the consultative document on corporation tax which the Government is planning to publish before the end of the year.

He made it clear that the imposition of a fixed term for capital allowances is among the wide range of options the Government will be prepared to consider.

At present, companies with insufficient profits to enable them to use their capital allowances to carry them forward for an unlimited period until such time as they are in a position to offset them against their tax liability.

Mr. Robin Cook, a Labour Treasury spokesman, argued in favour of a time limit.

He cited the six-year term applied to the new stock relief scheme introduced in the Bill as evidence of the Government's acceptance of the principle involved.

Changes made in the Bill yesterday included the insertion of a new provision dealing with entitlement to roll over relief from capital gains tax in cases where the transferee emigrates before the asset has been disposed of.

Britain must stay in EEC, says Carrington

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A STRONG reaffirmation of the Government's commitment to Britain's membership of the Common Market was made yesterday by Lord Carrington, the Foreign Secretary, two weeks before Britain assumes the presidency of the Council of Ministers.

Speaking in the House of Lords, he also made an outspoken attack on Mr Denis Healey, shadow Foreign Secretary, who has been adopting an increasingly anti-EEC stance in his campaign for the deputy leadership of the Labour Party.

Lord Carrington's speech was seen as a major fence-mending exercise in the wake of the rows over Britain's contribution to the Community budget and Mrs Thatcher's tough negotiations at the Dublin and Maastricht summits.

He was anxious to nail some of the "myths" about the adverse effects of Britain's membership which he believed were responsible for some of the hostility to the Market which was shown in recent opinion polls in the UK.

It was also obvious that some of his scathing remarks were aimed at the anti-Marketeers in his own party.

Lord Carrington said: "I have listened in vain over the last two months for a comprehensible account of what the Community's critics want done and what their alternatives are. What I hear is a discordant noise not a policy.

"Not one has put forward a constructive alternative to Community membership because there is not one."

He did not doubt the sincerity of the anti-Marketeers but deplored their "irresponsibility."

The Foreign Secretary listed reform of the Community budget as the top priority during Britains' presidency. He seemed less insistent on the need for major changes in the Common Agricultural Policy, although here too Britain would expect progress.

In addition he hoped to use the presidency as an opportunity to push ahead with removing barriers to the freer provision of services such as insurance within the Community.

"We shall hope to see greater liberalisation of the air fare regime and further easing of the barriers to free movement and employment within the Community, for example, over frontier formalities and the mutual recognition of professional qualifications."

Lord Carrington made several references to Mr Healey's difficulties following the decision of last year's Labour Party conference in favour of Britain withdrawing from the EEC. In his recent personal manifesto Mr Healey did not go as far as this but spoke of the need to "restore the sovereignty of Britain from control by the Common Market."

Lord Carrington believed that the UK had a clear choice. It could devote itself to improving the Community or, as labour seemed to suggest, get out and leave it to others to determine our national future.

"Surely it is obvious that it is the second of these courses that would be the real forfeiture of sovereignty," he said.

The Government believed that the Community had brought benefits which far outweighed its disadvantages and it remained firmly committed to making a success of British membership.

As far as he could make out Labour had now turned its back on the policy it had pursued in office. He thought that everybody—even Mr Anthony Wedgwood Benn — should have accepted the result of the UK referendum in favour of remaining in the Market.

Carrington: attacked Denis Healey for anti-Market stance in Lab4ur leadership campaign

The Foreign Secretary laid particular emphasis on the economic benefits of Britain's membership and pointed out that we earned a surplus of £700m in overall trade with the Community last year.

During the presidency a permanent solution to the budget problem was the priority for Britain and he had no illusions about the difficulties involved.

The single most important task was to find a way of taking conscious decisions about the impact of the budget. We had to look at the current balance of expenditure and in particular the excessive share which went to agriculture. We had to develop new policies to shift resources into other areas such as regional and industrial development and in retraining.

He would expect progress on the agricultural question but it was a mistake to hold the CAP responsible for all the increases in food prices. Even the butter mountain was a "mere hillock" representing less than seven days' supply.

Foot launches strong attack on Thatcher's economic policies

BY JOHN LLOYD, LABOUR CORRESPONDENT

MR MICHAEL FOOT, the Labour Party leader, turned his verbal artillery from Mr Tony Benn back to Mrs Thatcher yesterday in a slashing attack on her economic policies given at the Iron and Steel Trades Confederation conference in Bournemouth.

He touched only brifly on the inner-party feuding, and then only to call for unity against the common enemy and to dney he was "witch-hunting" Mr. Benn.

Later, the ISTC conference supported his call for a replacement of the present electoral system by voting—albeit by only 118 votes to 110—for a system giving 50 per cent to MPs and 25 per cent each to local parties and trade unions.

Mr Foot, picking up Mrs Thatcher's First World War symbolism of her Tuesday evening's speech to the CBI, said "She is in a non-man's land or rather a no-woman's land, a fantasy all of her own.

"Her policies—monetarism—have proved to be a hopeless, unqualified, irredeemable catastrophe.

"No government in the history of this country has ever exposed the hollowness of their policies so speedily."

Mr Foot said that Labour had to save jobs, save the Labour movement and save the country. To do this, the party had to be as "united as it possibly could."

Over a range of polices, he said, the party was already united. It must unite to fight "the main enemy—the Thatcher Government which has proved utterly unfit to govern."

He gave his now customary stress on nuclear disarmament, saying he did not regret his days in the campaign for nuclear disarmament because it had helped bring about treaties between governments.

He warned that the "military industrial complex"—in President Eisenhower's phrase — becoming stronger than government, and said that "there is only one defence for the British people and for the rest of the world, that is disarmament."

His call for a revamped electoral college giving more power to the MPs, made in comments after his speech, got the narrowest of support from the steelworkers after a prolonged and finely balanced debate on the Labour Party.

Mr Roy Evans, the union's deputy general secretary said that the party had a deficit of £1.3m and blamed the National Executive Committee for allowing it to happen.

Defending the constitutional changes in the party, Mr Alec Nimmo, a delegate from Corby, said that "capitalism is the enemy, not just the Tory Government. If we are to defeat capitalism we must get it right."

The conference also defeated a move to throw open the choice of deputy leader to branch ballot. It will now be decided by the union's executive which means an almost certain vote for Mr Healey.

Mr Joe Gormley, the president of the National Union of Mineworkers, gave further support to Mr Foot and to Mr Healey in a fraternal address to the conference. He told the delegates that in the election of a leader, "you are not electing a leader of the party, you are electing a leader of the Parliamentary group. Why we are having all this inner party battle I don't know."

An attempt to switch the union's allegiance away from the Labour Party to the Social Democratic Party came to nothing yesterday.

Conference delegates overwhelmingly defeated a motion calling for "consideration to be given to view whether the Social Democratic Party would be a more appropriate party to support."

● Mr Michael McGahey, president of the Scottish area of the National Union of Mineworkers, said yesterday that Mr Tony Benn, and not Mr Denis Healey, spoke for the burning issues of the Labour movement.

Mr McGahey gave his support for the Labour left at the opening address of the annual conference of Scottish miners in Inverness town hall.

Oppenheim promises action on British Gas monopoly

BY IVOR OWEN AND ELINOR GOODMAN

A "VIGOROUS REMEDY" for the ills which both manufacturers of gas appliances and consumers suffer as a result of monopoly practices employed by the British Gas Corporation in its 900 showrooms was promised by Mrs Sally Oppenheim, Minister of Consumer Affairs, in the Commons last night.

While insisting that the Government had still to reach a final decision, she stressed "the dominant position of British Gas in this market must at the very least be substantially reduced."

Mrs Oppenheim made only a token attempt to dissociate herself from attacks made by Tory backbenchers on the Government's recent decision to reappoint Sir Denis Rooke for a second five-year term as chairman of the corporation.

She took the unusual course of pointing out that she had not been personally responsible for the reappointment of Sir Denis. But Mrs Oppenheim added: "It was a decision which as a member of the Government I uphold none the less."

Mrs Oppenheim kept her options open because despite lengthy discussions, the Departments of Trade and Energy are still very far apart on how to resolve the gas showrooms issue.

A Cabinet sub-committee failed to resolve the problem last week and it will now probably go to the full Cabinet later this month.

At this stage, all that seems to have been ruled out is the possibility of British Gas being told to sell all the showrooms immediately.

Trade Ministers believe that the Corporation should be made to sell the showrooms in stages, with a time scale laid down in advance.

But the Department of Energy is arguing for a much less radical solution. It apparently favours the idea, put forward by the Monopolies Commission as an alternative proposal, of establishing the corporation's retail activities as a separate subsidiary.

This would leave open the possibility of introducing private capital into the new subsidiary at a later and probably unspecified date, but this course would seem unlikely to satisfy the many Tory backbenchers pressing for privatisation.

The Department of Trade has the backing of Treasury Ministers who have become increasingly frustrated by the corporation's refusal to dispose of any of its assets.

But the Department of Industry is believed to be arguing for a cautious approach in order to give the gas appliance manufacturers time to adjust to the change in the retail market. There is also some anxiety in the Department of Employment about the reaction of the unions to a sale.

While explaining the comprehensive range of options up for consideration by the Government, Mrs Oppenheim ruled out the Monopolies Commission's suggestion that the Gas Corporation could be required to phase out its retail sales operations over a three-year period.

She described this as "an extremely compressed period." As an alternative, she said, the Government was considering whether British Gas could be required to withdraw from the retailing of appliances over a longer period.

A further alternative still being considered was that British Gas should be required to concentrate the retailing of gas appliances into a separate subsidiary.

Mrs Oppenheim underlined the need to end the present "cosy relationship" between the Gas Corporation and the appliance manufacturers which operated to the disadvantage of private retailers, discouraged new entrants to the business and certainly harmed the interests of consumers.

Mr John Smith, Labour's spokesman on trade, argued that there could be no justification for removing the 900 showrooms from the control of the British Gas Corporation.

They provided a service to the public which was widely appreciated and he stressed that the Monopolies Commission report had not recommended an amputation on the lines which was clearly favoured by the Government.

To Labour cheers, he declared: "On safety and service grounds alone there is sufficient case for maintaining the present capacity of the British Gas Corporation."

An opposition motion declaring that in the interest of consumer safety and service, the Gas Corporation should not be forced to end or curtail the selling and servicing of gas appliances or to dispose of its gas showrooms was defeated by 55 votes (283-228).

Residential Homes Act

A TORY MP's Bill to tighten control of private old people's home was given a formal first reading in the Commons yesterday — but stands virtually no chance of becoming law this year due to lack of time.

Labour to allow free vote on Bill to bar prisoners from Parliament

BY MARGARET VAN HATTEM, LOBBY STAFF

THE LABOUR PARTY has backed down on the question of legislation designed to prevent IRA hunger strikers from contesting parliamentary elections.

The Shadow Cabinet decided yesterday to allow a free vote when the Representation of the People Bill is due to receive its second reading in the Commons next Monday, rather than imposing the three line whip for which many Labour MPs had pressed.

Party officials said yesterday that a free vote was being allowed because the Bill was a constitutional matter. But it was widely known that a number of Labour backbenchers, estimated at between 10 and 20, had let it be known that they would either abstain or vote with the Government.

The Bill, which would prevent certain categories of prisoners from being nominated as parliamentary candidates, is designed to prevent IRA hunger strikers in the Maze Prison contesting elections in general and the forthcoming by-election in Fermanagh, South Tyrone, in particular.

The Government has indicated that it will oppose the moving of the writ for this by-election, necessitated by the death of hunger striker Bobby Sands in May, until the legislation has been passed.

Labour opposes the Bill because it denies constituencies the right to elect whomsoever they choose — though the party would not concede imprisoned IRA members the right to take up the parliamentary seats to which they might have been elected.

Labour backbenchers strongly opposed to the Bill insist that they do not condone the use, by hunger strikers, of elections and by-elections for propaganda purposes.

But they consider legislation an inappropriate way of dealing with the problem, and suggest that the present Bill cannot do so since it appears to leave open a loophole which would allow IRA prisoners in the Republic to contest elections in the North.

The Government is understood to be examining this loophole following reports that the H-block campaigners are planning to exploit it in the Fermanagh by-election.

The division of the Labour Party over the Bill is symptomatic of a much deeper split over the question of Northern Ireland policy, currently under review.

Pressure is mounting for a report calling for a united Ireland and an abandonment of the bipartisan approach to be presented at the next party conference. However, there is still strong resistance from unionist sympathisers within the party who could yet overrule radical changes in the present policy.

Laker plans 50% Paris fare cut

BY LYNTON McLAIN, TRANSPORT CORRESPONDENT

LAKER AIRWAYS expects to be able to cut air fares between London and Paris by as much as 50 per cent if its walk-on Skytrain services are eventually accepted by European Governments. The airline said this yesterday in evidence to a committee of MPs who are examining European air fares.

The current air fare on British Airways "Club" class between the two capitals is £122.

Mr Christopher Brown, a director of Laker Airways, told the House of Commons select committee on trade and industry that the present controls on air transport in Europe gave "enormous scope for unfair competition." He said that state-owned airlines would collapse without state aid.

The Civil Aviation Authority, which also gave evidence, said its policy on evaluating applications to run air services was to "seek liberalisation of fares."

However Mr Raymond Colegate, of the CAA, told the committee that "although we believe competition is a useful tool, we do not believe in competition for its own sake."

Mr Colegate said it was difficult to transfer the de-regulation which was now taking place among U.S. airlines to Europe, where 21 countries had their own interests. Europe also had geographical differences compared with the U.S., and the UK was an island, he said.

However, MPs questioned whether this was a factor, because aircraft travelled above the surface, and could fly across seas.

The Civil Aviation Authority had rejected Laker Airways' application to run 666 new scheduled services between Britain and Europe and between cities on the continent. The authority had argued, in rejecting the Laker case, that the airline's interpretation of the Treaty of Rome articles on competition policy was not valid. Also, the CAA was unsure about how Laker would operate the services.

Nevertheless, the CAA believed lower fares could be introduced in Europe. Mr Colegate said that cuts of about 20 per cent on normal economy fares could be introduced. "I would also like to see many of the limiting conditions which restrict the sale of tickets removed," he said.

Efficiency search 'not a criticism'

BY ROBIN PAULEY

GOVERNMENT departments must learn to see that the search for increased efficiency is helpful to them and not critical of them, Lord Croham, former head of the Treasury and the Civil Service, said last night.

He told a Treasury and Civil Service select committee, which is examining the Civil Service's efficiency and effectiveness, that the primary responsibility for efficiency rested with line management within a department and they must accept and recognise that responsibility.

There could be secondary checks from the centre and special teams making specific inquiries but line management should take the principal role in determining efficiency, effectiveness and whether what was being done in a department was worth doing. The last point was much more easily decided in the private sector than in the public, Lord Croham added.

Mr Michael English (Lab., Nottingham W.) asked Lord Croham what incentive there was for any civil servant to care about efficiency when there was no financial reward to be gained.

Lord Croham said although there were problems connected to merit money schemes they ought not to be ruled out as a supplement to the usual incentive which was promotion.

He said it was essential for ministers to take an interest in the efficiency of their departments, particularly the efficiency of senior officials.

There was also a case for having three or four more people like Sir Derek Rayner, Mrs Thatcher's adviser on waste and inefficiency in Whitehall, conducting specific inquiries.

LEGAL NOTICES

No. 001944 of 1981
In the HIGH COURT OF JUSTICE
Chancery Division Group A.
IN THE MATTER OF
M & G TRUST (ASSURANCE) LIMITED
AND IN THE MATTER OF
M & G BOND (ASSURANCE) LIMITED
AND IN THE MATTER OF
THE INSURANCE COMPANIES ACT 1974

NOTICE IS HEREBY GIVEN that a Petition was on the 20th May 1981 presented to Her Majesty's High Court of Justice in England by the above named M & G Trust (Assurance) Limited (hereinafter called "Tass") for the sanction of the Court as required by Section 42 of the above mentioned Act to a Scheme for the transfer to Tass of all the long term business carried on by M & G Bond (Assurance) Limited (hereinafter called "Bond").

A copy of the said Petition and of the said Scheme and of the report on the terms of the said Scheme by an Independent Actuary (as required by the said section 42 of the said Act), together with a further report prepared for the purpose of providing particulars of the long term business of Tass and Bond, will be open to inspection at (a) the principal offices of M & G Group P.L.C. the ultimate parent company of both Tass and Bond at Three Quays, Tower Hill, London EC3R 6BQ and (b) the registered offices of Tass and Bond at 91/99 New London Road, Chelmsford CM2 0PY during usual business hours on any day (other than a Saturday or Sunday) prior to the hearing of the said Petition.

AND NOTICE IS FURTHER HEREBY GIVEN that the said Petition is directed to be heard before The Honourable Mr. Justice Dillon at the Royal Courts of Justice, Strand, London, England on Monday the 13th July 1981 and any person (including any employee of Tass or Bond) who alleges that he would be adversely affected by the carrying out of the said Scheme may appear at the time of hearing of the said Petition in person or by Counsel for that purpose in which case he is requested to give not less than two clear days previous notice in writing of his intention so to appear with the grounds of his objection to the undermentioned Solicitors.

Any policy holder of Tass or Bond who dissents from the proposed Scheme but does not desire to appear on the hearing of the said Petition should give not less than two clear days' previous notice in writing of such dissent with the grounds thereof to the undermentioned Solicitors.

A copy of the said Petition and of the said Scheme and a copy of the said Report by an Independent Actuary will be furnished to any person requiring the same by the undermentioned Solicitors at any time before an Order sanctioning the said Scheme is made on the said Petition on payment of the regulated charge for the same.

Dated this 12th day of June 1981.
ROWE & MAW,
15 Devereux Court,
Essex Street,
London WC2R 3JX.
Ref: 77/M8166.
Solicitors for the Petitioner.

No. 001945 of 1981
In the HIGH COURT OF JUSTICE
Chancery Division Group A.
IN THE MATTER OF
M & G ENDOWMENT & PENSIONS ASSURANCE CO. LIMITED
AND IN THE MATTER OF
M & G TRUST (ANNUITIES) LIMITED
AND IN THE MATTER OF
THE INSURANCE COMPANIES ACT 1974

NOTICE IS HEREBY GIVEN that a Petition was on the 20th May 1981 presented to Her Majesty's High Court of Justice in England by the above named M & G Endowment & Pensions Assurance Co. Limited (hereinafter called "E&P") for the sanction of the Court as required by Section 42 of the above mentioned Act to a Scheme for the transfer to E&P of all the long term business carried on by M & G Trust (Annuities) Limited (hereinafter called "Tann").

A copy of the said Petition and of the said Scheme and of the report on the terms of the said Scheme by an Independent Actuary (as required by the said Section 42 of the said Act) together with a further report prepared for the purpose of providing particulars of the long term business of E&P and Tann will be open to inspection at (a) the principal offices of M & G Group P.L.C. the ultimate parent company of E&P and Tann at Three Quays, Tower Hill, London EC3R 6BQ and (b) the registered offices of E&P and Tann at 91/99 New London Road, Chelmsford CM2 0PY during usual business hours on any day (other than a Saturday or Sunday) prior to the hearing of the said Petition.

AND NOTICE IS FURTHER HEREBY GIVEN that the said Petition is directed to be heard before The Honourable Mr. Justice Dillon at the Royal Courts of Justice, Strand, London, England, on Monday the 13th July 1981 and any person (including any employee of E&P or Tann) who alleges that he would be adversely affected by the carrying out of the said Scheme may appear at the time of the hearing of the said Petition in person or by Counsel for that purpose in which case he is requested to give not less than two clear days previous notice in writing of his intention so to appear with the grounds of his objection to the undermentioned Solicitors.

Any policy holder of E&P or Tann who dissents from the proposed Scheme but does not desire to appear on the hearing of the said Petition should give not less than two clear days' previous notice in writing of such dissent with the grounds thereof to the undermentioned Solicitors.

A copy of the said Petition and of the said Scheme and a copy of the said Report by an Independent Actuary will be furnished to any person requiring the same by the undermentioned Solicitors at any time before an Order sanctioning the said Scheme is made on the said Petition on payment of the regulated charge for the same.

Dated this 12th day of June 1981.
ROWE & MAW,
15 Devereux Court,
Essex Street,
London WC2R 3JX.
Ref: 77/M8166
Solicitors for the Petitioner.

COMPANY NOTICES

BANK HANDLOWY W. WARSZAWIE S.A.

U.S.$30 million
Floating Rate 1976/81

Due to the fact that the principal amount falling due June 10, 1981 has not been paid, the rate of interest applicable for the six month period beginning on June 10, 1981 and set by the reference agent is 18¹⁄₁₆%.

BANQUE WORMS

U.S.$30,000,000
Floating Rate Notes 1978/1985

In accordance with the terms and conditions of the above mentioned floating rate notes the rate of interest for the interest period 17th June, 1981 to 17th December, 1981 has been fixed at 16¹⁵⁄₁₆ per cent.

BANQUE INTERNATIONALE A LUXEMBOURG
Societe Anonyme
Trustee

QUEBEC CENTRAL RAILWAY COMPANY

4% FIRST MORTGAGE DEBENTURE STOCK

In preparation for the payment of the half-yearly interest due August 1 1981, on the above Stock, the Transfer Books will be closed at 3.30 p.m. on July 10 and will be re-opened on July 22 1981.

W. E. REEVE,
Assistant Secretary.

50 Finsbury Square,
London EC2A 1DD.
June 18 1981.

NOTICE OF PURCHASE
EUROPEAN INVESTMENT BANK
9¼% U.S. Dollar Bonds of 1979
Due May 15, 1989

Pursuant to the terms and conditions of the loan, notice is hereby given to bondholders that during the twelve month period ending May 14, 1981, U.S. $5,000,000 of the European Investment Bank's 9¼% U.S. Dollar Bonds of 1979, due May 15, 1989, were purchased by the Purchase Agent for account of such Bank in satisfaction of the Purchase Fund.

As of May 15, 1981, the principal amount of such Bonds remaining in circulation was U.S.$65,000,000.

EUROPEAN INVESTMENT BANK
June 18, 1981

Notice of Redemption

ENSERCH Finance N.V.

9½% Convertible Subordinated Debentures Due 1994
Redemption Date: August 21, 1981
Conversion Right Expires: August 17, 1981

NOTICE IS HEREBY GIVEN to the holders of the 9½% Convertible Subordinated Debentures Due 1994 (the "Debentures") of ENSERCH Finance N.V. ("Finance") that in accordance with the terms of the Indenture dated as of December 15, 1979, among Finance, ENSERCH Corporation ("ENSERCH") and Citibank, N.A., as Trustee, Finance has elected to redeem on August 21, 1981 all of the remaining outstanding Debentures which have not been presented for conversion as of the date of this Notice of Redemption. The redemption price for each such Debenture is 105% of the principal amount thereof plus accrued interest from December 15, 1980, to August 21, 1981. Payment of the redemption price and accrued interest, which will aggregate $1,114.92 for each $1,000 principal amount of Debentures called for redemption, will be made upon presentation and surrender of such Debentures, together with all attached unmatured interest coupons, at the offices of the Paying and Conversion Agents set forth below.

After the date set for redemption, all rights with respect to the Debentures called for redemption, including accrual of interest, will cease, except only the right of the holders thereof to receive the redemption price and interest accrued to such date.

CONVERSION OR SALE ALTERNATIVES

Debentureholders have, as alternatives to redemption, the right to sell their Debentures through usual brokerage facilities or, on or before the close of business on August 17, 1981, to convert such Debentures into the $4.45 par value Common Stock of ENSERCH Corporation ("ENSERCH Common Stock").

The Debentures called for redemption may be converted into ENSERCH Common Stock at the rate of 49.575 shares for each $1,000 principal amount of debentures. In order to effect this conversion, a Debentureholder should complete and sign the CONVERSION NOTICE on the Debenture or surrender to the Paying and Conversion Agents a similar signed notice together with the Debentures to be converted. A holder who surrenders Debentures for conversion will receive a certificate for the full number of whole shares of ENSERCH Common Stock to which he is entitled. No fractional shares will be issued upon conversion of any Debentures, but in lieu thereof ENSERCH will pay in United States dollars an amount equal to the market value of such fractional share computed on the basis of the closing price of ENSERCH Common Stock on the New York Stock Exchange Composite Tape on the conversion date. If more than one Debenture shall be delivered for conversion at one time by the same holder, the number of full shares which shall be deliverable upon conversion shall be computed on the basis of the aggregate principal amount of Debentures so converted. The conversion will be deemed to have been effected on the date on which the Paying and Conversion Agents receive the Debentures surrendered for conversion. Upon conversion of Debentures, no payment or adjustment will be made for interest accrued thereon. Debentures delivered for conversion must be accompanied by all interest coupons maturing after the date of surrender.

From April 1, 1981, through June 1, 1981, the last reported sale prices of ENSERCH Common Stock on the New York Stock Exchange Composite Tape (after adjustment to reflect a three-for-two stock split effective on April 22, 1981) ranged from a high of $32.42 per share to a low of $25.75 per share. The last reported sale price of ENSERCH Common Stock on such Composite Tape on June 1, 1981, was $25.75 per share. At such last sale price per share, the holder of $1,000 principal amount of Debentures called for redemption would receive, upon conversion, shares of ENSERCH Common Stock and Cash for the fractional interest having an aggregate value of $1,276.56. However, such value is subject to change depending on changes in the market value of ENSERCH Common Stock. So long as the market price of ENSERCH Common Stock is $22.50 or more per share, Debentureholders upon conversion will receive ENSERCH Common Stock and cash in lieu of any fractional share having a greater market value than the cash which they would receive upon redemption.

IMPORTANT CONSIDERATION REGARDING SALE, CONVERSION OR REDEMPTION

As described above, based upon current market prices, the market value of ENSERCH Common Stock into which each Debenture is convertible is significantly greater than the amount of cash which would be received upon surrendering a Debenture for redemption. All rights to convert the Debentures into ENSERCH Common Stock EXPIRE as of the close of business August 17, 1981.

PAYING AND CONVERSION AGENTS

Citibank, N.A.
Receive and Deliver Department
111 Wall Street, 5th Floor
New York, N.Y. 10043

Citibank, N.A.
B. P. 738-08
75361 Paris
Cedex 08 France

Citibank, N.A.
Citibank House, 336 Strand
P. O. Box 78
London WC2R 1HB
England

Citibank, N.A.
Herengracht 545-549
Postbus 2055-1000CB
Amsterdam, Netherlands

Citibank, N.A.
Grosse Gallusstrasse 16
Postfach 2505
6000 Frankfurt/Main, West Germany

Citibank, N.A.
Seestrasse 25/27
P. O. Box 826
CH-8022 Zurich
Switzerland

Citibank, N.A.
Avenue de Tervuren 249
P. O. Box 7
B-1150 Brussels, Belgium

Citibank (Luxembourg) S.A.
16 Avenue Marie Therese
P. O. Box 263
Luxembourg

Dated: June 18, 1981

UK NEWS—LABOUR

Civil servants reject all-out strike option

BY PHILIP BASSETT, LABOUR STAFF

CIVIL SERVICE union leaders are expected to decide today against a national strike over pay, after studying voting figures from individual unions. All but one rejected all-out action.

However, the pay campaign, now in its 15th week of strikes, is unlikely to be called off. Union leaders are likely to decide instead to maintain the policy of stoppages at selected key centres—though their number may be reduced.

The Government *is likely to* make political capital from the refusal of union members to back the widely-recommended option of an all-out strike. The decision may well prompt further action from the Government, such as the long-awaited announcement of the establishment of an outside inquiry into *Civil Service* pay.

Voting in the main constituent unions of the Council of Civil Service Unions was:—

● *Civil and Public Services* Association. The only union which will recommend all-out action today, following a vote by its civil service executive committee yesterday of 18-0, with two abstentions. Voting figures presented to the executive were: for selective strikes 23,821, all-out strike 44,941, settling 32,859.

● Society of Civil and Public Servants. With only a handful of votes to come, the majority against an all-out strike was 64 per cent. Voting in the 100,000-strong union was low, too; before yesterday's meetings, there were 11,886 against all-out and 7,898 in favour.

● Institution of Professional Civil Servants. Voting still thought to be about 4-1 in favour of selective action, and *a large majority — perhaps 8-1* — against an all-out strike.

● Inland Revenue Staff Federation. After 78 members' meetings, *some 17,000 were in favour* of all-out action, and 21,000 against. At meetings against all-out action, some 16,000 were in favour of the selective strikes and about 3,000 in favour of settling.

● The Civil Service Union, in a crucial vote, has already decided to vote against an all-out strike. The executive of the [illegible] Division Association decided yesterday to support the programme of selective action.

This morning's meeting of the CCSU's major policy committee will study these votes but a final decision will not be taken until after individual union executives meet again this afternoon.

Meanwhile, London's Heathrow Airport is likely to be severely disrupted today by *strikes at the London air traffic* control centre and action by air traffic control staff at the airport.

Ford workers oppose production plan

BY OUR LABOUR STAFF

UNION OFFICIALS representing Ford's manual workers told the company yesterday they opposed the use of automatic procedures requiring the unions to "man up" areas where employees stop work unconstitutionally.

This was one of the items in the company's *1977* proposals for improving continuity of production, which the unions agreed to discuss with management after Ford's national disciplinary code was withdrawn.

The company believes, however, it is making progress on some other issues in the 1977 proposals.

The unions also emphasised their commitment to improving shopfloor observance of agreements.

The talks were partly designed to review the progress of the programme by the union's national officials, to try to win agrement from the shopfloor on unconstitutional stoppages.

Another meeting on this and on the company's After Japan productivity proposals is scheduled for next month.

Rail union may seek 50% rise

By Philip Bassett, Labour Staff

LEADERS of the National *Union of Railwaymen* are likely to be urged at the union's annual conference this month to adopt a pay target calling for increases of more than 50 per cent on present basic rates.

The moderate leaders of the NUR, British Rail's largest union, are expected to support calls for "substantial" but unspecified pay increases.

However, members of the union's Paddington No. 1 branch, which has shown itself in the past to be militant, are pressing for the union to adopt a target of a basic minimum of £90.

The branch supports this by insisting that if BR rejects the claim, the union should "invoke maximum industrial action of all sections of the membership" and that the triple alliance of NUR, miners and steelworkers should take strike action.

A £90 basic minimum wage would mean a rise of more than 53 per cent on the present basic railwayman's rate of £58.75.

However, that rate is subject to a 7 per cent pay offer from BR, now under consideration by the industry's highest tribunal, chaired by Lord McCarthy.

It was thought that the tribunal's report on this year's pay increase might be produced as early as next week. However, it now seems possible that publication may be delayed until the NUR conference.

Vote due on ambulance stoppages

BY PAULINE CLARK, LABOUR STAFF

LONDON'S 2,300 ambulance workers are to decide whether to repeat Monday's all-out stoppage and launch 24-hour strikes without emergency cover, as part of the *national* ambulance workers' fight to defeat the Government's 6 per cent ceiling on health service wage rises this this year.

London shop *stewards* took the decision to hold a ballot over the next few days despite appeals from national union officers to postpone further steps until the impact of yesterday's national one-day industrial action campaign by Britain's 17,000 ambulance staff had been assessed.

The decision opens up the prospect of another 24-hour total stoppage in the capital in the next two weeks. This would be in defiance of the *national union strategy* which yesterday limited industrial action throughout the country to non-emergency work.

The separate London ballot which led to Monday's action, supported by 95 per cent of the capital's ambulance staff, produced an overwhelming majority in favour of a total stoppage.

The national day of official industrial action passed yesterday with only one authority calling in military service ambulance vehicles to cope with emergencies — Glamorgan in south Wales, where RAF help was enlisted.

The National *Union of Public* Employees, representing most of the ambulance staff involved, said last night it was "delighted" with its members' response to the national call for action. It claimed that 80 per cent of ambulance authorities in England, Wales and Scotland had been affected by action.

The union claimed that the only places where emergency cover was not provided in England and Wales was where authorities had sent ambulance *staff home or decided not to pay* those involved in industrial action.

Scottish cities were badly affected but the response in rural areas was said to be mixed.

Some regional health authorities elsewhere also reported a patchy response to the national day of action. Significant numbers of ambulance staff in the Merseyside area, parts of the West Midlands, Humberside, Gwynedd in north Wales and parts of Gloucestershire and West Yorkshire were said to have defied the strike call.

Murray attacks Green Paper

MR LEN MURRAY, TUC general secretary, yesterday attacked the Government's Green Paper on trade union immunities.

Speaking after a meeting of the TUC's Employment Policy and Organisation Committee, he said: "It now seems that, with unemployment at over three million and the anti-union so-called Employment Act on the statute book for less than a year, the Government wants to dispense a further dose of anti-union legislation."

The Green Paper canvassed a range of Conservative industrial relations panaceas. Many were in the 1971 Industrial Relations Act. "Without waiting for the TUC's considered response, the Government seem intent on bulldozing ahead with more ill-advised and provocative legislation."

GMWU will back local pay claims campaign

BY OUR LABOUR STAFF

A SPECIAL General and Municipal Workers' Union delegate conference decided yesterday to support a programme of local pay claims at company level in the chemicals industry. This would be backed by ballots of workers on industrial action where local negotiations fail.

The conference followed the breakdown of national negotiations between unions and the Chemical Industries Association after rejection of a 7.2 per cent offer on the national minimum basic, *raising it to £70.80 a* week.

The position of the GMWU is similar to that of the Transport and General Workers' Union, the other main union *in the* industry.

The delegate conference discussed the possibility of a national strike, but opted for local negotiations backed by threat of official industrial action. Claims will be submitted by the GMWU to about 150 companies.

Mr David Warburton, GMWU national officer for the industry, *said that more than 20* companies had offered more than the national proposals.

These deals ranged generally from 9.5 to 13 per cent.

Wage negotiations in the Chemicals' Joint Industrial Council affect 58,000 workers directly, of whom the GMWU *claims 37,000, and* 20,000 indirectly.

Steel workers call to disarm

By John Lloyd, Labour Correspondent

UNILATERAL nuclear disarmament continued to win support in the Labour movement yesterday as the conference of the main steel union, the Iron and Steel Trades Confederation, pledged support for the Campaign for Nuclear Disarmament.

This follows a decision the day before to campaign for withdrawal from the Common Market—both reversals of previously strongly held positions.

Neither decision is binding on the union, because of the conference's consultative status; members of the executive said afterwards they believed the executive would swing behind the conference decision on unilateralism at least at its next meeting.

Hoskyns personnel as at end of May 1981

Eric Abery
Alan Abrahams
Christopher Adams
Gerald Adams
Martin Adcock
Christopher Ades
Elizabeth Ahmedzai
Patricia Aikin
Angelos Alexandrou
Mohamed Ali
Stuart Allan
Christopher Allen
Daniel Allen
Paul Allington
Janet Allsop
Christine Almond
Andrew Alston
Susan Amaratunge
Christopher Anderson
Victoria Anderson
Julie Anderton
Michael Andrews
Steven Andrews
Hazel Anning
Paul Appleby
Jeanine Aragno
Christopher Archer
William Ardagh
Stewart Argo
Dennis Armstrong
Gillian Arnold
Phillip Ashworth
Paul Atkins
Richard Aucott
Peter Avery
Roy Ayres
Nigel Bacon
Linda Bailey
Raymond Bairstow
Hassan Bakr
Geoff Bamford
Michael Barbakoff
Paul Barber
Jon Bareford
Kathleen Barnes
Stephanie Barnes
Tony Barry
Kevin Bartlett
John Barton
Carole Batchelor
Jennifer Bateman
John Bates
Philip Beale
Patricia Beard
Richard Beaven
Paul Beck
Rajiv Bedi
William Beecroft
Michael Beirne
Gerald Belenger
Anthony Bell
Dave Bell
Hayley Bell
Christopher Belshaw
Paul Bennett
Susan Bennett
Nick Berman
Susan Bernstein
Iain Berry
Judith Berry
Duncan Betney
Jacqueline Bibby
Pietro Bilotti
Timothy Binney
Shirley Binns
Reg Bishop
Giles Blaber
Nick Blakeney-Edwards
Henry Blakey
Joan Blank
David Bloomfield
Maxine Blundell
Tad Bochan
Madeline Bohringer
Ian Bollen
Arthur Bolton
John Bolton
Mark Bones
David Borkin
David Bostock
Roger Bottesill
Gill Boughton
Elaine Boulton
Kenneth Bowman
Brian Bradley
Elaine Brayshaw
William Brayshaw
Andrew Breckon
Peter Bremner
John Brennan
Winifred Brennan
Paul Bretherick
Mike Bretherton
Anthanette Brewster
Pam Bridge
Stephen Bridges
Clive Britton
Keith Brolia
Barbara Brooks
Lindsay Brooks
Alan Brown
Ann Brown
Michael Brown
Stephen Brown
Susan Brown
Bobbie Bruce
Steve Bryant
Andrew Buchanan
Albert Buckley
Ida Buckley
Mary Buckley
Alan Burandt
Joyce Burcham
Gary Burchall
John Burgess
Donald Burgoyne
John Burns
John Burnsall
Michael Burnup
Valerie Burr
Geoffrey Burrows
Richard Burrows
Robert Burrows
Susan Burton
Colin Byrne
David Bytheway
William Cain
John Callaway
James Campbell
Michael Canavan
Robert Cane
Jacqueline Caney
Katherine Carmody
Robert Carpenter
John Catchpole
Kevin Catley
James Caution
Stephen Cave
Arnold Cender
Neville Cerfontyne
Robin Chalmers
Francis Charlesworth
Roger Charters
Javder Chauhan
Celia Cheadle
Barbara Chin
Gavin Chin
David Church
Mel Churm
Angelo Ciullo
Gerald Clark
Jean Clark
Kevin Clarke
Martin Clarke
Sue Clements
Gerald Clinton
Alison Coaffee
Sue Cockram
Philip Coldicott
David Cole
Peter Cole
Neil Coles
James Coley
Antonio Collu
Christine Cook
Rodger Cook
Diane Cooper
Andrew Cope
Graham Corbett
Mike Cordingley
Colin Cormack
Noel Corrall
Charles Cox
Heidi Cox
Ian Crabb
Robin Craven
Paul Cremin
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Julie Culkin
William Cullen
Gary Cummins
Nigel Cunnington
Doreen Curno
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Timothy Curtis
Colin Dale
Michael Dale
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Ian Dallas
Dario Dalola
Robert Dalton
Geoffrey Dann
Terry Das
Alan Davies
Almaira Davies
Gareth Davies
Michael Davis
Robert Davis
Stephen Davis
Thomas Dawson
Wilfred Deakin
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Marjorie Harrison
Valerie Harrison
Ray Harsant
John Hart
John Hartley
Michael Hartley
Richard Hartley
Ray Hartry
Mark Hathway
Paul Hay
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Marlene Heaton
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Ian Henderson
Rosemary Henderson
Sean Heraghty
Peter Herbert
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Allan Higgin
Maurice Higgins
Mazen Hijazi
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Linda Johnson-Poole
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Christopher Jones
Colin Jones
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Michael Lordan
Ken Louvet
Vera Lovelock
Helen Lowe
Devenda Luhar
Kathy Lumb
Timothy Lunt
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Callum McGregor
Deirdre MacIntyre
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Satpal Pall
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Kevin Parfitt
Alan Parker
Paul Parker
Robert Parkins
Michael Parry
Richard Parry
Khurram Parwaiz
Caroline Passfield
Terence Pastore
Govind Patel
Hiralal Patel
Ragini Patel (1)
Ragini Patel (2)
Raj Patel
Eric Pavyer
Richard Payne
Ronald Payne
John Peach
Francis Pearson
David Peirce
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Simon Ratcliffe
Phillip Rathbone
Trevor Ray
Keith Rayner
David Read
Michael Reeve
Lynn Regan
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Bruce Reid
Delroy Reid
Frank Reid
Brindley Raynand
Andrew Rich
Geraldine Richards
David Richardson
John Riches
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Stephen Roberts
Mark Robertson
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Jean Robinson
Pat Robinson
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David Rooke
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Robert Smith
Ronald Smith
Ruth Smith
Paul Smith
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Stephen Sobot
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Peter Tamlyn
Linda Tangui
Anthony Tarr
David Taylor
Fiona Terry
Alan Trafford
Ravinder Thind
Roger Thomas
Geoffrey Thompson
Janet Thompson
Maureen Thompson
Peter Thompson
Anne Thomson
George Thomson
Paul Thorne
Alan Thornton
Linda Tierney
Roger Tinker
Vanessa Titford
Roger Titley
Theo Todman
Daniel Toft
David Tolson
Nigel Tomlins
Simon Townend
Brenda Townshend
Bob Trease
Anthony Trott
Chris Truscott
Andrew Turek
David Turney
Christine Turvey
Robert Tuson
John Umney
Geoff Unwin
Stephen Urban
Michael Usher
Martin Utting
Owen Venables
Colin Vickery
Lal Vijayaratnam
Agit Vyas
Melvin Wagstaff
Anne Walker
Ian Walker
Bruce Wall
James Wallace
Wendy Wallace
Cecilia Ward
Yvonne Ward
David Warne
John Warren
Robyn Waters
Peter Wason
Adrian Waters
Peter Watkinson
Roy Watson
Vicky Weatherstone
Alan Weavers
Mike Webb
Patricia Webb
Lee Wellbrook
Anna Welsh
George West
Mike Weston
Peter Wharf
Jill White
Peter White
Robert White
Sandra Whiteside
Gerald Whitrick
Barbara Whittingham
Christopher Wight
Michael Wilkins
Brian Williams
John Williams
Paul Williams
Peter Williams
Royston Williams
Sara Williams
Sandra Williams
Stephen Williams
Dick Willott
Christopher Willsea
Stanley Willson
David Wilson
Ian Wilson
Josephine Wilson
Nicholas Windsor
Tony Winslade
Vilmore Wint
John Wise
Peter Wong
Kenneth Woodhouse
Julia Woodward
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Our people are our success

We believe that over the last five years Hoskyns has established itself as the most successful computer services organisation operating in and from the United Kingdom.

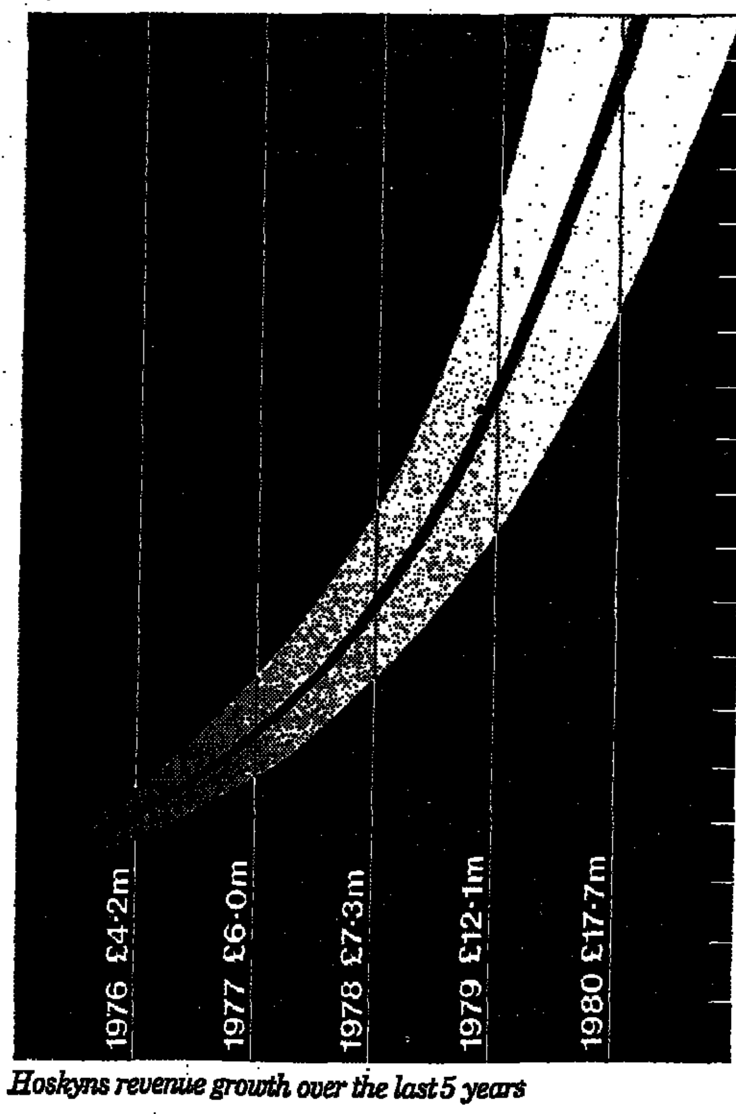
We also believe that this success is entirely due to the quality of our staff and managers and to the professional dedication which they put into their work.

We feel we have a right to be proud of our people and would like to thank them publicly and personally for the success they have brought to us and to our many hundreds of clients.

Results for 1st Half 1981

1980 was a record trading year for the Hoskyns Group, both in terms of revenue and profitability. The first half of 1981 has seen us building even further on last year's successes.

Sales for the first six months are 20% up on the corresponding period for last year, while profits have grown by 35%.



Hoskyns revenue growth over the last 5 years

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Hoskyns products and services are designed to help companies, businesses, and organisations take advantage of the almost bewildering range of new developments in every area of computing, communications, and office automation.

The scarce skills and experience embodied in our people are necessary to bring these new developments into effective use. Clients make use of our skills either by seeking our advice directly, or by making use of one of our many packaged services such as:

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Hoskyns has an unrivalled range of standard products on a wide selection of mainframes, minis and micros. They cover most commercial applications in many areas of business activity including Manufacturing, Distribution, Banking and Finance, Insurance, Retailing, Services, and Hotels.

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Hoskyns products and services are supported by a network of UK and Overseas offices.

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ADVERTISING & MARKETING

BY MICHAEL THOMPSON-NOEL

New agency is thinking man's shop

HE IS 57 this Saturday. But any thoughts that Dr John Treasure, former group chairman in London of J. Walter Thompson, and founder of Britain's newest advertising agency, John Treasure and Partners, is somehow passé, are dispelled at first meeting.

He is that rare bird indeed: a genuine heavyweight in a profession that occasionaly displays more interest in form than in substance.

But how does the new agency hope to make its way in a market that is already overcrowded by breakaways and new arrivals? There has been a rash of such formations in the past 24 months, with newcomers like Grandfield Rork Collins. and Lowe & Howard-Spink, making much of the running.

In a nutshell, John Treasure & Partners seems likely to succeed because it is already acting and sounding like the thinking man's shop.

It opened for business on Monday, and may soon bill £1m. "If we can achieve £3m to £4m by this time next year, then nothing will stop us becoming a major new force," said Treasure this week.

"All we need is lift-off. The first six months will be fairly traumatic, but we have very high hopes. I won't starve if the venture is not a success (he is a director of Rowntree-Mackintosh, and Mills & Allen) but I am determined not to look a Charlie."

The new venture comes three-and-a-half years after Treasure left Thompson's. He joined JWT's subsidiary, British Market Research Bureau, in 1952, became chairman of JWT London in 1967, and group chairman eight years later. He also joined the JWT Board in New York, and has been president of the Institute of Practitioners in Advertising and the Market Research Society.

Since leaving Thompson's, he has been dean and professor of marketing studies at the City University Business School, with which he hopes to maintain his links. He has produced a series of 16 lectures on advertising, half on its theory and practice, half on advertising and society, which he hopes to turn into a book.

His partners are John Standen, formerly vice-chairman at Foote Cone and Belding, and Donough O'Brien, who sold his stake in the Wells O'Brien agency last December.

Unusually for a new shop, Treasure and Partners has solid outside backing. Broad Street Investments, which owns Dewe Rogerson, the financial advertising and PR concern, has put up an initial £130,000, to which the partners have added £20,000 of their own. (Treasure says he had several "vast" offers to back him.)

He is in no doubt where the new shop stands. "We want blue chip business. Ideally, we'd like large accounts from large clients, or small accounts from large clients. What I do not want is large accounts from small clients."

Terry Kirk

Blue chip look. L to r: John Standen, John Treasure and Donough O'Brien, whose new agency opened this week

He says the advertising business has become much more competitive since he left Thompson's, with "lots of new agencies, and even new people, that I've never heard of."

Have his attitudes to advertising changed? "Not fundamentally, although I've come to believe even more in the value of strategy and planning—they are the heart of the business. The mechanics of production, the gloss and refinement, are easily come by. What really counts is understanding clients' problems and producing really strong ideas."

He forecasts major changes in the way agencies charge their clients, claiming that the impact of the end to fixed agency commissions has not yet made its mark, and adding that the new shop could well become the first to offer what amounts to a genuine creative rate-card based on sliding rates of income.

"After all, when you're starting from the bottom, you can do things that the established agencies cannot countenance. We're not a multinational. We don't have account conflicts because we do not yet have accounts. And as we don't have any profits, we have no worries about diluting them" — a straightforward hint that growth-by-acquisition could well be on the cards.

EXPENDITURE OF £2.74 bn PREDICTED

Jubilation at Saatchi's as AA revises forecast

SAATCHI & SAATCHI, which on Tuesday announced a 20 per cent increase in pre-tax profits for the half-year to March 31, was in jubilant mood yesterday at news that the Advertising Association has revised upwards its forecast of UK advertising expenditure for the current year.

Late last year, the AA was forecasting a fall, in real terms, of around 12 per cent in total UK media expenditure this year, whereas Saatchi's own researchers were taking a much more optimistic view.

Now, says the AA, it has revised its figures so as to project a fall, in real terms, of only 4 per cent — and this on the back of a good run for advertising last year.

In cash terms, total UK advertising expenditure in the current year is expected to reach approximately £2.741bn, against £2.562bn in 1980.

Mike Waterson, the AA's head of research, says that total classified expenditure last year fell with a thump. It was 13 per cent lower in real terms, mainly because of the slump in job advertising, and he is expecting a similar fall for total classified expenditure in 1981.

Total display expenditure, however, performed much more robustly, showing a fall last year of only 1 per cent in real terms. A similar performance is expected in the current year.

"Quite simply," he says, "display expenditure has not been affected in the way that was predicted. The main reason is that consumers' expenditure has performed in a manner that no-one anticipated, and has survived the recession intact. In part, this is thought to have been helped by the fact that those made redundant have been spending their redundancy payments and not hanging on to them. The pattern could change, but never before has consumers' expenditure behaved like this in the midst of a recession."

This is good news for Saatchi's, as for most of the bigger agencies, and a further indication that whatever the reasons for not bringing forward the launch of UK commercial breakfast television, as asked for by Peter Jay's TV AM, lack of advertising revenue growth cannot feature among them.

Etcetera

As already reported, Saatchi's half-year pre-tax profits improved 20 per cent to £1.88m on record turnover of £46m. Earnings per share also rose by a fifth, from 6.68p to 8.02p.

In the view of Saatchi chairman Kenneth Gill, UK advertising growth "will probably continue to exceed most other countries' growth—because the UK's per capita expenditure on advertising is still less than half that of the U.S."

Major new assignments at Saatchi's, he says, include work for Black and Decker, Berger, Ronson, Cadbury Typhoo, Smith & and Nephew, Procter and Gamble, Austin Morris and Allied Breweries.

● CHASE MANHATTAN third largest U.S. bank, today launches the UK salvo of an international campaign expected to cost approximately $12m, including $800,000 in Europe and the Middle East. The campaign is said to mark new-found aggression at Chase.

● LINTAS has been appointed to the Nuclear Power Information Group account.

● SMITHS FOOD GROUP is putting a claimed £1m behind the launch of Omega chewing gum.

● BENTON AND BOWLES has resigned the Gateway Building Society account, worth approximately £350,000.

Pubs: the decline of a once-mighty institution

BY GARETH GRIFFITHS

CONFIRMATION THAT the British public house has not enjoyed its customary economic cheer during the past two years was provided in part this week by the publication of an NOP Market Research opinion poll on the nation's pub going habits. It found that there has been a drop in the number of people visiting public houses, and a decrease in the time spent there and the amount drunk compared to last year.

The survey says that in 1979, 47 per cent of the UK adult population claimed to have visited a public house during the previous month; by this year, the figure had dropped to 43 per cent. Some 30 per cent of pub goers also said they were drinking less than at the same time last year with the largest falls recorded by the DE socio-economic groups.

NOP carried out its research between February 26 and March 3, and interviewed 1,895 people at home. It examined drinking habits, attitudes towards the landlord, real ale, the strength of drinks, attitudes to licensing laws and the features available in pub premises. A similar survey is expected to be produced by the Brewers' Society in the next couple of weeks.

The NOP survey shows a decline in the occasions on which people go to public houses, the time they spend there, and the amount they drink. These falls apply to all socio-economic groups, and to the different regions in the UK.

Some 30 per cent of pub goers say they now drink less than they did a year ago. The fall was more pronounced for single or divorced people than for married people, and 23 per cent of women said they drank less compared to 34 per cent among men.

Class differences were slighty more pronounced than regional ones in consumption patterns. Some 26 per cent of pub visiting respondents in the AB socio-economic group said they now drank less, compared to 28 per cent in classes C1 and C2 and 36 per cent in groups DE.

Pub goers still agree with the brewers' claim that the British public house is primarily a social institution rather than a drinking shop. Some 52 per cent of them said the main reason for visiting a local pub was to meet friends, while the second most popular reason for going was that one could meet other people there. The landlord provided a reason for 16 per cent of patrons, and the facility to have a drink was given by 12 per cent.

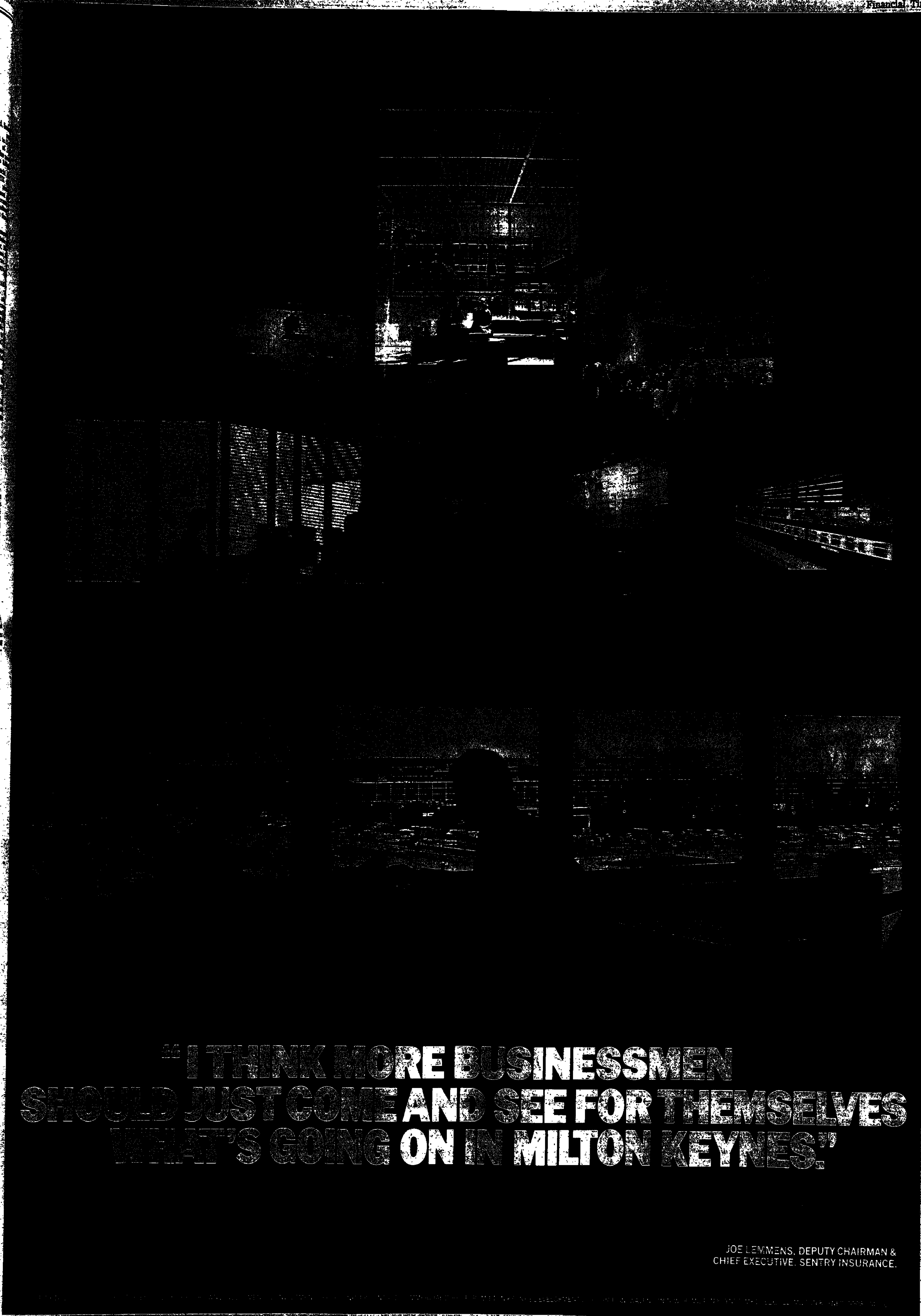
Two-thirds of those respondents who visit a public house once a week or more say opening hours should be left as they are, and there is a high level of hostility to proposals that children aged 10 to 15 should be allowed into public houses with their parents.

NOP's findings are on balance unlikely to cheer the buffeted drinks industry now fervently praying for a good summer to boost sales. The survey found that 47 per cent of pub goers claim they can no longer afford to drink as much as previously.

Both the Campaign for Real Ale and the Action on Smoking and Health pressure groups can draw some comfort from the NOP findings.

The decline in numbers and time spent, however, will dishearten the brewers, who are desperately trying to revive the public house's share of the British drinks market. The brewers are devoting two-thirds of their investment over the next three years to improving public houses and will spend about £770m in this way. But the trend over the past few years has been a shift away from the public houses to the clubs and the take-home trade.

Report. Pubs in Great Britain Survey 1981. NOP Market Research. Continuous Surveys Division. Tower House, Southampton Street, London, WC2.


"I THINK MORE BUSINESSMEN SHOULD JUST COME AND SEE FOR THEMSELVES WHAT'S GOING ON IN MILTON KEYNES."
JOE LEMMENS, DEPUTY CHAIRMAN & CHIEF EXECUTIVE, SENTRY INSURANCE.

JOBS COLUMN

The rise and rise of City banking staff

BY MICHAEL DIXON

IT IS to be hoped that most who read this column are saintly enough to enjoy rather than envy the good fortune of others. Unless that is so, I suspect that all but the relatively few readers employed in banking will find looking at the table alongside a somewhat galling experience.

The figures are taken from the latest survey by the Jonathan Wren recruitment company of the salaries of banking staff employed in the City of London. The survey is made three times a year and covers the full range of staff from general managers to trainee clerks and the like. Anyone wanting to know more about the less well paid posts should contact Ken Anderson of Wren's at 170 Bishopsgate, London EC2M 4LX; telephone 01-623 1266, telex 21792 ref. 1616. For all there is room for here is a selection of jobs at the top of the pay range.

The table is based on the salaries already being paid to City banking staff in the various categories who applied through Wren for other jobs between late late January and May 1. The smallest salary thus discovered in each type of work is given in the left-hand column of figures, with the adjacent bracket denoting the minimum found by the survey for the corresponding period of last year. The double column of figures on the right similarly gives the maximums found in each of the two surveys.

The central double column denotes the average salary for each category in either period. And it is the 1981 average that determines not only where each kind of job is ranked, but whether it appears in the table at all.

When reporting four months ago on the previous survey in Wren's series, I included all the jobs where the average salary was at least £12,500. But I would not have had room to do the same again this time, and so have raised the "ante" to an average of at least £13,000 a year.

This has still left 30 jobs, or 22.1 per cent of the total covered by the full survey. Had I used the same "at least £13,000 average" criterion 12 months ago, the table would have consisted of at most 20 jobs, or 14.7 per cent of the total.

In the case of six of the posts listed this year, I have no comparative figures for January-May 1980. But among the other 24, the overall increase in average salaries over the 12-month period works out at 18.7 per cent.

Certainly there were other kinds of workers who gained larger increases in the last pay round. But I doubt that there can be any other area of employment where, if one took all its jobs from the most senior to the most junior, more than a fifth of them would be found to carry an average salary of £13,000-plus. And the Wren consultancy estimates further increases of 10 to 12 per cent for this year.

So considering that the value of perks supplied by City banks to employees averages another 40 to 50 per cent of salary, the staff concerned have surely been doing pretty nicely in spite of the recession.

SALARY COMPARISONS — PERIOD LATE JANUARY TO MAY 1

	Minimum 1981 £	(1980) £	Average 1981 £	(1980) £	Maximum 1981 £	(1980) £
General Manager	25,000	—	39,819	—	64,250	—
Assistant general manager	15,000	—	29,750	—	50,000	—
Foreign exchange/money manager	18,000	(17,000)	25,500	(19,714)	37,500	(25,060)
Loan manager	17,500	(15,000)	22,404	(20,020)	37,500	(30,000)
Bond issue manager	15,000	(15,000)	22,200	(18,550)	37,000	(25,000)
Financial controller	15,000	(14,000)	20,220	(17,112)	28,000	(20,500)
Senior corporate finance executive	14,000	(12,000)	19,710	(16,547)	30,000	(24,000)
Foreign exchange chief dealer	15,000	(11,250)	19,250	(15,425)	25,000	(17,500)
Senior investment manager	15,000	—	18,750	—	28,000	—
Operations manager	14,000	(11,500)	18,478	(16,392)	25,000	(20,500)
Project finance manager	14,000	—	18,400	—	24,000	—
Syndication manager	13,500	—	17,996	—	26,000	—
Chief auditor	14,000	(12,000)	17,200	(15,333)	22,000	(20,000)
Personnel manager	12,000	(9,500)	16,675	(13,057)	21,000	(16,500)
Senior lending officer	12,000	(10,000)	16,637	(13,308)	24,000	(18,250)
Company secretary	13,000	(12,000)	16,100	(13,375)	25,000	(15,000)
Chief accountant	12,500	(12,000)	15,791	(13,360)	20,000	(14,500)
Branch manager	12,000	(10,800)	15,252	(12,100)	24,500	(13,000)
Bond marketing/sales executive	10,000	(9,000)	14,850	(12,474)	20,000	(15,000)
Bond dealer	10,000	(8,000)	14,775	(13,041)	20,000	(21,000)
Data processing manager	9,500	(12,100)	14,664	(13,564)	22,000	(17,500)
Organisation and methods manager	10,000	(9,500)	14,250	(11,379)	17,800	(14,250)
Senior foreign exchange/deposit dealer	9,000	(9,050)	14,190	(11,849)	20,000	(17,000)
Legal officer	8,800	(7,500)	14,000	(11,307)	23,000	(16,000)
Senior sterling dealer	10,000	(8,000)	13,995	(10,950)	17,500	(15,000)
Leasing executive	9,000	(9,000)	13,875	(12,445)	19,000	(18,900)
Bond administration manager	10,000	(10,000)	13,544	(12,290)	18,500	(14,000)
Project finance executive	10,500	(7,750)	13,462	(11,730)	17,000	(16,000)
Syndication officer	8,000	—	13,250	—	16,500	—
Credit department manager	10,000	(9,750)	13,165	(11,813)	17,500	(13,500)

Bonds' dozen

EVEN SO various such staff continue in demand. For instance, recruiter Dudley Edmunds of Robert Half Personnel (UK) has orders from three foreign-owned concerns for a total of 12 dab-hands at marketing Eurobonds.

The need is not only for people with impressive sales-clinching records. Candidates must also be demonstrably skilled at looking beyond conventional buyers such as financial institutions and identifying other promising markets both in the United Kingdom and overseas. Those who have gained these skills by marketing fixed-interest securities other than Eurobonds would also be considered. But knowledge of secondary as well as primary Eurobond markets would help a lot.

Salaries £15,000-£20,000. Usual City-standard perks. Inquiries to Mr Edmunds at Lee House, London Wall, London EC2Y 5AS; telephone 01-606 6771. Being unable to name his clients, he will abide by any applicant's request not to be identified to the employers without further notice. The same goes for the next headhunter.

Explorer

HE IS John Williams of Whitehead Technical Services, and he wants someone with at least eight years' successful, post-graduate experience in exploration for oil and gas to head the said activity in a recently formed and as yet small petroleum company with interests in the North Sea and elsewhere.

Based in London, the recruit will lead a small group of specialists in assessing geological and geophysical surveys, and preparing and presenting plans for exploration and applications for licences. Salary around £25,000. Perks include car.

Inquiries to Mr Williams at 21 Wigmore Street, London W1H 9LA; telephone 01-580 0191, telex 27789.

Analyst/ Fund Manager

Accepting House Late 20s

Our client is one of the key forces in the Investment scene. Their activities include one of the largest Pension Fund portfolios in the City, Corporate Funds, Unit Trusts, Charities, Private Clients etc. They seek two Managers to join the Pension Fund area. A joint Analytical/Management role is envisaged.

You will be 25-29, and have a minimum of two years in Investment. You will currently be with either a large Stockbroker or another major Financial Institution. Probably, but not necessarily, you will have a Degree – in Economics or a related subject. Prospects are excellent.

Remuneration by salary and bonus is in the area £12,000/£13,000. Assisted mortgage and other normal banking benefits.

Please write with full details to Colin Barry at Overton Shirley and Barry, (Management Consultants), 2nd Floor, Morley House, 26 Holborn Viaduct, London EC1A 2BP. Tel: 01-353 1884.

These are equal opportunity vacancies

Overton Shirley and Barry OSB

Financial Controller

Central London c. £13,000 + car

Our clients, a substantial textile group (turnover £60m) seek a Financial Controller for a major subsidiary in Central London.

A key member of a small profit-conscious management team, you will be responsible to the Managing Director for all accounting and reporting procedures including budgeting, monthly reporting and annual statutory accounts.

The development of computer-based controls is at an advanced state.

A self-starting qualified accountant, probably aged around 30, you must have experience in a market-oriented industry where tight deadlines are met, and be capable of promotion to the post of Financial Director within a short while. Familiarity with importing arrangements, including foreign exchange, will be advantageous.

The usual large-company benefits apply including relocation assistance if needed.

Write with full personal and career details to the address below, *quoting ref: R2631/FT on the envelope.* Your application will be forwarded directly to the client unopened, unless marked for the attention of our Security Manager with a note of companies to which it should not be sent. Initial interviews will be conducted by the client.

PA Advertising

Hyde Park House, 60a Knightsbridge, London SW1X 7LE
Tel: 01-235 6060 Telex 27874

PA

A member of PA International

Wardley Ltd CORPORATE FINANCE

EAL

Hong Kong

Wardley Limited seek an experienced and self-motivated corporate finance executive. The appointed candidate will join an established and very successful team and will handle transactions independently. Preferred age 25-30 and a professional qualification in accountancy, law or commerce is desirable. An MBA would be an advantage.

Candidates should have appropriate experience across the full range of corporate finance functions. An attractive and flexible remuneration package will include free accommodation, a house mortgage/re-financing scheme, leave passage allowance, medical insurance and a generous profit sharing scheme including life cover and provident fund. (SW.576)

Candidates male or female should write briefly and in confidence to the Managing Director, Executive Appointments Limited, 18 Grosvenor Street, London W.1, quoting reference. No identities divulged without permission.

ASSISTANT TO GROUP PROPERTY AND DEVELOPMENT MANAGER

Applications are invited from Chartered or Incorporated Surveyors who have acquired a minimum of 3 years' post-qualification experience gained within a development company, contractor or within a commercially orientated firm. Responsibilities are widely drawn and cover the complete spectrum including Project Management, liaising with all professionals and the group's legal and financial advisers, implementation and maintenance of funding agreements. A high level of commercial awareness and the ability to set and monitor priorities are important.

A high degree of autonomy will be invested in the appointee—scope to become A.G.M. in 12-18 months and to advance subsequently to a subsidiary board appointment.

Initial salary negotiable and normal fringe benefits associated with a leading national company.

Applications in strict confidence to
Box A.7549, Financial Times, 10 Cannon Street, EC4P 4BY

Chief Accountant

Ship Management

City c. £18,000 + car

A substantial North American shipping group will form a London subsidiary later this year. Taking control of established operations, initial turnover will be around £10m.

Reporting to the UK Managing Director, the job takes responsibility for all accounting and submitting reports to Head Office, together with secretarial duties. An early task will be to set up computerised accounting systems. Tax planning for international capital movements will present additional challenge.

Candidates must be qualified accountants, aged around 35. Previous shipping experience is not essential. Knowledge in depth of statutory and management accounting, computerised systems, budgeting and international taxation is demanded. A strong character, with an enthusiastic and open minded attitude to work, will fit in well.

Please reply in confidence giving concise career and personal details and quoting Ref. U916/FT to P. J. Williamson, Executive Selection.

AYMS Arthur Young Management Services
Rolls House, 7 Rolls Buildings
Fetter Lane, London EC4A 1NL.

Executive selection consultancy

C&L

We are a large international firm of management and economic consultants. Our Executive Selection Division handles a wide variety of senior appointments at home and abroad. These assignments often include advice on organisation and remuneration policy in addition to selection.

Our special strengths in selection work are that we bring to bear the combined skills of executive selection personnel, appropriate functional specialists from our consultancy practice and a world-wide knowledge of local conditions through our 300 offices.

We now wish to strengthen our selection group by appointing an additional consultant. You should have a degree or professional qualification, be at home in the boardroom and have experience of management selection. Candidates who have a recognised accounting qualification and experience at a senior level in the financial or computer functions would be of special interest.

Please send career details and a daytime telephone number to E J Robins, Executive Selection Division, Ref. R60/29.

Coopers & Lybrand associates

Coopers & Lybrand Associates Limited
management consultants

Shelley House Noble Street
London EC2V 7DQ

Financial Services

Salary Negotiable

The Sea Containers Group is an established market leader in international container, crane and containership leasing, with expanding interests in hotel and leisure activities.

Because of the growth in assets and diversification, an additional senior financial executive is required.

The principal responsibilities of the post will be to ensure that suitable finance such as bank loans, suppliers credits, export credit facilities, private placements, public issues etc. is available for all existing and new investments.

As a member of a small team you will work closely with senior management of various departments in raising new finance, finalising documentation, and providing financial advice on container purchasing, shipping and other investment areas.

The successful candidate is expected to have had previous experience in banking or international finance and preferably have an MBA degree.

Our salaries and benefits are commensurate with those of a progressive international company.

Please write with full career details to:

Mrs E. F. Donnelly, Personnel Manager,
Sea Containers Services Ltd., 1 Hanover Square, London, W.1.

sea containers

INVESTMENT MANAGER

Currencies and Fixed Interest

American Express Bank is seeking an additional Manager specialising in currency and fixed interest instruments to join its Investment Services Department based in the City of London.

Applicants should have at least two years experience of international and domestic fixed income and money markets, with particular emphasis on currency analysis and selection. They will be able to identify and advise on investment opportunities both for the Bank and its clients and should combine analytical ability with market judgment.

A university degree or an accountancy qualification is required. The maximum age is 30 years.

The salary and benefits offered will reflect the important contribution that the individual is expected to make.

Please send curriculum vitae to:

The Manager,
Clients' Investment Services,
Amex Bank Limited,
120 Moorgate,
London EC2P 2JY.

AMERICAN EXPRESS
American Express Bank
International Group

London Gold Futures Market Floor Trader

Samuel Montagu & Co. Limited, a member of the London Gold and Silver Markets, seeks an experienced floor trader to represent it as a ring-dealer on the proposed London Gold Futures Market, which will be established in early September. The successful applicant will have a proven first-class record as a metal or commodity trader.

The importance the Company attaches to this position will be fully reflected in the salary and substantial staff benefits which, inter alia, will include: low interest housing loan, non-contributory pension scheme with free life assurance, profit-sharing and family medical cover.

Applications with full career details should be made in confidence to: T. J. B. Locker,

Samuel Montagu & Co. Limited,
114 Old Broad Street, London EC2P 2HY.

INTERNATIONAL OPERATIONS MANAGER

JCB, the country's leading manufacturer and exporter of earthmoving equipment, requires a senior manager to head up the International Operations department.

This important position is responsible to the Managing Director of JCB Sales Ltd. and is based at the Head Office in rural Staffordshire.

The multi-function department is responsible for export finance and credit insurance, order processing, shipping and despatch, tenders and quotations and control statistics.

Applicants must have managerial experience gained in international trade, export finance and ECGD work. A knowledge of any of the other departmental functions will be an advantage. We offer an attractive salary and employment conditions.

Please apply to:

Alan Fernyhough, Director of Personnel
J. C. BAMFORD EXCAVATORS LIMITED
Rocester, Uttoxeter, Staffordshire ST14 5JP

JCB

Company Secretary

circa £22,500 + car

Allied Chemical (Great Britain) Limited, the UK subsidiary of Allied Corporation of Morristown, New Jersey, USA wishes to recruit a Company Secretary. The company is engaged in the exploration, production and marketing of crude oil and has interests in the Piper and Claymore Fields in the North Sea. The appointment will be based at the company's head office in London.

The Company Secretary reports to the Managing Director and is responsible for

- Statutory company secretarial matters
- Liaison with legal counsel in contract preparation
- Co-ordinating the preparation of the corporate business plan.

Candidates are likely to offer a degree in accounting or a minimum of 8 years in contract administration in the oil industry. Experience at a senior level for the secretarial and legal functions in a sizeable international organisation will be an advantage. Age is not a critical factor, although the appointment will call for considerable maturity and outstanding oral and written communication skills.

The commencing remuneration will be negotiated at about £22,500 pa plus car. The company would contribute to the cost of removal expenses if the successful candidate had to move home to take up the appointment.

Candidates, male or female, should apply by quoting reference MCS/2116 and requesting a personal history form from Ashley S Phoenix, Executive Selection Division, Southwark Towers, 32 London Bridge Street, London SE1 9SY.

Price Waterhouse Associates

Top Executives

Our clients find better opportunities. Are you interested?

If your talents are being wasted, or your ambitions thwarted, we can help. Our highly skilled career management counsellors have all been engaged in a Top Management role. They understand your problems. After evaluating your true potential through discussion and analysis, they work with you through all stages of the job search until you find that better opportunity that is just right for you. Most of these better opportunities are never advertised.

We have an acknowledged standing in the employment market and an outstanding track record of success. That's why we're confident that after a preliminary discussion you will appreciate why we are able to offer the special sort of help that you need. So why not ring us today.

MINSTER EXECUTIVE LTD. 28 Bolton Street, London W1Y 8HB. Tel: 01-493 1309/1085

Jonathan Wren · Banking Appointments

The personnel consultancy dealing exclusively with the banking profession

INVESTMENT: PRIMARY MARKET DEVELOPMENT
£20,000+

Challenging opportunity to develop the capital investment market activities of a major international bank. The requirements are a proven track record in, and comprehensive knowledge of the complexities of, structuring and placing Eurobonds/Floating Rate Notes/C.D.s/other negotiable instruments, combined with the flair eventually to establish the bank amongst the market leaders. The negotiable salary/benefits package may be considerably in excess of the figure indicated.

FOREIGN EXCHANGE
Far East
Negotiable

Leading American bank has opportunities for Foreign Exchange experts to join its business development teams in the Far East, providing advice to institutional investors, commercial and central banks, prospective clients etc. on exchange and interest rate trends for the major traded currencies. The appointments are based in Japan and Singapore. Applications are invited from graduate bankers with Foreign Exchange expertise and fluency in a Far Eastern language.

BANK LECTURER
Negotiable

An opportunity exists for an experienced bank Training Officer/Lecturer to join the Training School of a substantial financial institution. Primary responsibility of the appointee—who is expected to be both a university graduate and an A.I.B.—will be for graduate intake. The vacancy, based in Central London, results from expansion and a commitment to high calibre training.

For further details, please telephone David Little or Paul Trumble

First floor–entrance New Street
170 Bishopsgate London EC2M 4LX 01-623 1266

SENIOR F/X DEALER

Our Client is a newly incorporated international merchant bank with full recognised status.

Essential priority is to be given to the development of the bank's foreign exchange trading activities and, to this end, a senior dealer is now required to make a significant contribution to the team performance.

The ideal candidate, preferably 28-32, will possess a minimum of 5 years' active dealing experience with an emphasis on foreign exchange, both spot and forward in all major currencies.

This appointment offers considerable challenge and the scope to contribute positively to a new organisation of substance where the accent is on professionalism and flexibility. Salary and benefits will reflect these factors.

Contact Norman Philpot in confidence on 01-248 3812

NPA Recruitment Services Ltd

60 Cheapside London EC2 Telephone 01-248 3812 3 4 5

This advertisement is featured on page 599018 of Prestel

Manager
Accounting and Administration

c. £15,000 + car

This new appointment is a key management position in the wholly owned subsidiary in London of a major European bank.

The following qualities are sought:-

- Accounting qualifications
- Management skills
- Banking experience
- Computerisation experience
- Well rounded personality

The position reports directly to senior management in London. It offers real promotion prospects to a dynamic manager who can grow with the organisation.

Some travel is required and a knowledge of French would be welcome. The age indicator is 30 to 40. The salary is negotiable and the position pensionable with the additional benefits that are normal in banking.

For an application form, please telephone 01-236 3561 (24 hour service) or write, in confidence, to E. M. Nell, Executive Selection Division, quoting reference 4529/L.

Peat, Marwick, Mitchell & Co.

Executive Selection Division, 165 Queen Victoria Street, Blackfriars, London, EC4V 3PD.

Personnel Oriented Secretary

N.E. London around £12,000

An unquoted public consumer product manufacturing company with market leadership, over 400 employees on four sites and £10 million turnover, seeks a personnel manager who will also be company secretary designate. He or she will first bring personnel policy and practice up to date and then add the statutory secretarial role, reporting to the MD.

Candidates must have past exposure to both functions, ideally with some IR involvement. They should be aged over 30, with (or aiming for) IPM or ICSA membership. Corporate growth could provide prospects beyond these functions.

For a fuller job description, please write in confidence to Donald MacDonell at 78 Wigmore Street, London W1H 9DQ, showing clearly how you meet our Client's requirements, quoting FT/5045.

John Courtis and Partners

Broad involvement with high technology data communications company . . .

FINANCIAL CONTROLLER

Reading £15,000-£17,000 + car, etc.

Our client markets a range of advanced digital communications equipment and information network systems — one of the fastest growing business sectors of the 80's — and is part of a well-established computer technology and office automation group.

Reporting to the Managing Director, a broad role is envisaged for the successful candidate including operational support to marketing, inventory control and facilities administration as well as regular performance reporting, financial management, forecasting and strategic planning.

Candidates should be qualified accountants (aged late 20's to mid 30's) with line experience in a commercial/industrial environment. Well developed financial skills, commercial flair and a high degree of commitment are prime attributes.

Written applications containing career details should be forwarded in confidence, to Anthony J. Forsyth B.Sc., 410 Strand, London WC2R 0NS, telephone: 01-836 9501, quoting reference 3292.

DOUGLAS LLAMBIAS DLA

Douglas Llambias Associates Ltd.
Accountancy and Management Recruitment Consultants

and at 26 West Nile Street, Glasgow G1 2PF (041-226 3101)
3 Coates Place, Edinburgh EH3 7AA (031-225 7744)

Senior Accountant

Hertfordshire c £10,500

The personal challenge is to assist line managers control project costs, prepare financial accounts and comment on the management accounts. There is also the supervision of a major department within a large accounting function.

The Company designs and manufactures high technology products and can show real career opportunities.

Candidates must be qualified with experience in manufacturing and able to show a track record of success as an accountant and manager.

Applications should give age, qualification and work experience or contact Ian Bowers quoting client reference 3701 for further details and an application form.

Roland Orr
Management Consultants
35 Piccadilly, London W1V 9PB Telephone 01-734 7282

Chief Internal Auditor

Sultanate of Oman *equiv £19,240*

Our client, a key specialist department belonging to the Government of Oman, wish to recruit a high calibre Chartered Accountant to act as Chief Internal Auditor and to be based in Muscat.

The Chief Internal Auditor will report to the Head of department and be responsible for developing audits of financial, operational and security procedures throughout the department, initiating new programmes, and expanding the audit function.

Suitable candidates aged 30 to 45 must be Chartered Accountants with a background of good audit experience and, therefore, likely to be currently employed within the profession or within a large organisational internal audit department. Analytical ability, initiative and communication skills are essential together with a strong tactful personality in order to liaise effectively with staff at all levels.

The importance of this appointment is reflected in an extremely competitive tax free remuneration (£1 Sterling = RO·696 at current rate of exchange) and package deal which provides excellent savings potential, free air conditioned furnished accommodation, car and driver, free medical coverage and fully paid UK home leave twice per annum. Married accompanied or single status.

Candidates should write for a personal history form and job description quoting reference MCS/7036 to Michael Andrews, Executive Selection Division, Southwark Towers, 32 London Bridge Street, London SE1 9SY.

Price Waterhouse Associates

Lending Officer

Age 27-30 c. £15,000

The London office of a European bank requires a Lending Officer with a strong credit background and the ability to develop and control banking relationships with domestic and multi national corporations in the international capital market. The ideal candidate will be an MBA with a sound knowledge of all aspects of corporate lending and the ability to speak fluent French and German.

Branch Manager

Age 28-30 c. £10,500

An expanding progressive banking institution has an opportunity for a manager to run one of its London branches and to act in a marketing role to develop further business. Candidates should be qualified bankers with a clearing bank background.

FX/Deposit Dealer

Age 25-30 c. £10,000

Dealers required by our client bank specialising in FX and Deposit dealing. Candidates must have 2-3 years experience and knowledge of Scandinavian markets.

LJC Banking Appointments Ltd.
170 BISHOPSGATE, LONDON EC2M 4LX **01-283 9953**

U.K. Equities & S.A. Mining
Sales to Europe

£10,000 to £20,000 package

Our client, one of the major firms of U.K. Stockbrokers with a first class reputation internationally, seeks a high calibre individual to join their expanding European department.

The successful candidate is likely to be aged 24 to 30 with a sound understanding of U.K. equities, gilts or mining — gained in research, sales or possibly fund management. Fluent French and, ideally, German is essential.

The position will involve joining a small established team to market U.K. equities and gilts and/or mining stocks to Continental European institutions. This should appeal to an ambitious individual who now wishes to join a highly respected firm.

Please contact F.J. Stephens who will treat all enquiries in the strictest of confidence.

Stephens Associates
International Recruitment Consultants
35 Dover Street, London W1X 3RA. 01-493 0617

EQUITY RESEARCH

AGED 23-28 YEARS LONDON

The Investment Department of Friends' Provident Life Office has a vacancy for a Research Assistant. Applicants should be graduates with a minimum of two years' experience of equity analysis with a stockbroker's office or financial institution, or have been educated to "A" level in which case greater experience would be required.

The starting salary will be commensurate with qualifications and experience. The appointment carries the normal benefits associated with a major Life Office which include an annual bonus, a generous house purchase scheme, sick pay scheme and pensions scheme.

If you are interested in applying please write with full personal and career details to Keith Browell or Miss Joan Campbell at the address below.

Alternatively, telephone Dorking (0306) 5055 for an application form. *Interviews will be carried out in London.*

FRIENDS' PROVIDENT LIFE OFFICE,
Personnel and Administration Services,
Pixham End, Dorking, Surrey.

MAKE YOUR FUTURE WITH FRIENDS'

Financial Control

Major Financial Group

Central London c.£12,500+Benefits

An ambitious qualified accountant, preferably a graduate aged mid/late 20's, is sought by this well known group for an important position in its central financial control team.

The challenging work will include the appraisal of the group's diverse and worldwide activities, monitoring and reporting on the deployment of resources and return on capital. Numerous ad hoc exercises will provide wide-ranging experience vital for career development.

Future prospects are extensive, salary is negotiable and generous benefits include a subsidised staff restaurant, non-contributory pension scheme and low cost mortgage.

Contact David Tod, BSc, FCA, on 01-405 3499, quoting reference DT/501/FCF.

Lloyd Management
Recruitment Consultants
125 High Holborn London WC1V 6QA 01-405 3499

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mca

INTERNATIONAL ACCOUNTING

FOR NEWLY OR RECENTLY QUALIFIED ACCOUNTANTS

London based £11,500

We have been asked by a major public company to recommend a young, qualified accountant who, working as a team member, will provide financial support for a variety of major overseas development projects.

This is a newly created position which could involve up to 90 days' annual travel which would be in the form of short visits to various overseas locations.

Some post-qualification experience is desirable, although not essential as is an interest in computers and foreign languages.

Michael Chapman Associates
7 Stratton Street London W1X 5FD
01-499 4367/4368, 01-628 7150/7152/7654, 01-499 2702
INTERNATIONAL RECRUITMENT CONSULTANTS

International Auditors
Oil Industry

c.£13,000 London Based

This appointment is not a routine function. It is a vital element of management control, spotlighting vulnerable areas and giving a bird's-eye view of the total operations in a major multi-national oil company.

The International Auditors work closely with top American and U.K. management and have the opportunity to influence decisions. The requirement is for several ambitious ACAs, ideally under 35 and preferably single; with four years experience of Computer Systems Audit in a large international company or major professional firm. A good working knowledge of Dutch, Italian, German or French will be an advantage.

You must be an outstanding accountant for these positions which provide exceptional prospects for the future. Successful candidates will travel a minimum of 40% in Europe, Scandinavia and Africa. The package includes usual benefits associated with a major multi-national company.

Applications in confidence to Brian Luxton (Ref. 6563).

mh Mervyn Hughes Group
2/3 Cursitor Street, London EC4A 1NE
Management Recruitment Consultants
01-404 5801

THE BANK OF TOKYO, LTD.

LONDON OFFICE

As one of the leading international banks we are pleased to announce that, following continued expansion in business, we are now looking for an Assistant in our International Finance Centre in London, which handles loans syndications and other international business promotions. Experience in this field would be an advantage but is not essential. The assignment will involve assisting our International Officers in all aspects of international financing and is, therefore, suitable only for those with ambition and initiative. We consider that this post is ideal for a young graduate (male or female). An attractive salary will be paid and there are excellent fringe benefits.

Please write and enclose a detailed curriculum vitae to:

Mr. B. R. Dawson
THE BANK OF TOKYO, LIMITED
20/24, Moorgate, London EC2R 6DH

ACCOUNTANCY APPOINTMENTS

also appear today in the

ACCOUNTANCY SURVEY

on Pages 33, 34, 35, 36, 37, 38.

INVESTMENT FUND MANAGERS

We have several vacancies with leading Accepting Houses for Portfolio Managers.

Applicants, aged 25-35, should have had several years' investment experience dealing with Private Clients, Pension Funds, Unit Trusts or Gilt-edged securities. Such experience may have been gained with a stockbroker, merchant bank or similar investment institution.

Remuneration packages will be consistent with those expected of first-class merchant banks, including mortgage facilities, non-contributory pension scheme etc.

Please telephone, or write enclosing a detailed Curriculum Vitae, to Peter S. Latham, Director.

Jonathan Wren & Co. Ltd., Banking Appointments,
170 Bishopsgate, London EC2M 4LX. Tel: 01-623 1266.

Antony Gibbs Group

The Antony Gibbs Group which is a member of the Hongkong Bank Group is continuing to expand its activities and has the following vacancies:-

Corporate Finance Executives

Antony Gibbs and Sons, Limited, the London merchant banking arm of the Hongkong Bank Group, is looking for qualified chartered accountants or lawyers to join its Corporate Finance Department.

Successful applicants will preferably be graduates aged 24-30. Relevant experience in the Corporate Finance Department of a merchant bank or stockbroker or with an international firm of chartered accountants will be considered an advantage.

The work will cover all aspects of domestic and international Corporate Finance and prospective candidates should be willing to travel. A substantial part of the Department's work is concerned with the Middle and Far East.

Fund Manager

Antony Gibbs Investment Management Limited is looking for an experienced Fund Manager to be responsible for the management of its U.K. funds.

This offers an exciting opportunity for someone wishing to join a revamped and expanding Investment Management Company.

Attractive salaries, which will depend on experience, will be negotiated.

Applications, which will be treated in complete confidence, should be sent with a full curriculum vitae to:

C. E. Fiddian-Green,
Antony Gibbs & Sons, Limited,
3 Frederick's Place, London EC2R 8HD.

Financial Director (Designate)

KWR Chemicals Limited, a member of the RTZ Industries Group, is a merchanting and trading company selling a wide range of raw materials for the chemical, pharmaceutical and food industries.

The company wishes to appoint a high calibre commercially orientated Accountant who will in due course be appointed to the Board. Preference will be given to the man or woman who can demonstrate, by experience or ability, a flair for financial strategy to ensure the achievement of the planned profitability and growth of the company.

Candidates must be qualified Accountants with a good track record in a commercial environment.

An attractive remuneration package will be offered together with a range of benefits which includes membership of the RTZ pension fund, free life assurance and company car.

KWR — a member of the RTZ Group

Please write or telephone for an application form to The Managing Director, KWR Chemicals Limited, Kingsley House, 8 Bream's Buildings, London EC4A 1HP.

R-H

BOND SALES

Sound knowledge institutional sales? Original thinker fully conversant bond and gilts? If so you will be interested in moving to a secure banking related environment, where as part of a small team, you will be responsible for Eurobond sales in Europe and Middle/Far East. You do not need a degree but 'A' level standard would be appreciated. Salary to £20,000.

ALL ROUND DEALER

If you consider that a dealer should be capable of interpreting world economic trends and related subjects and are capable of doing so you may be seeking a move to a bank where this is a prerequisite. The level of this appointment depends on the individual but salary indication is c£18,000.

Lee House, London Wall, London EC2Y 5AS. Tel: 01-606 6771

ROBERT HALF
Accountancy & Financial personnel specialists

EXECUTIVE APPOINTMENTS

Top level executives on the move use Europe's most effective Career Planning and Executive Placement service. Our access to unadvertised vacancies, dynamic marketing, and knowledge of the employment market ensures success. Only Connaught offers a success-related fee structure to executives of proven competence.

Contact us for a confidential assessment meeting.

Connaught Executive Management Services Limited

73 Grosvenor Street, LONDON W1 — 01-493 8501

BULLION DEALING/SETTLEMENTS

Our client, a major and respected European bank, is currently establishing a Bullion Department at its London Branch.

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If you are interested, please telephone or write to Brenda Shepherd

Jonathan Wren & Co. Ltd, Banking Appointments,
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Résumés to Victor Luck, quoting Ref. MAF/103.

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Crosfield Electronics

Success in exporting Advanced Technology

Leasing Manager N. London

Crosfield Electronics Limited, an expanding company and part of the De La Rue Group, specialises in the design and manufacture of sophisticated electronics equipment for the graphic arts and printing industries. The growth of our worldwide business has led to the creation of the post of Leasing Manager.

Reporting to the Finance Director, the brief will be to initiate and control the development of leasing and other financing facilities, initially for European and N. American customers.

This is a key post with a direct impact on sales and therefore the successful candidate will also have a responsibility for the training of our sales force in leasing and associated finance matters. There will be a need to spend a considerable amount of time in overseas travel in order to develop new business.

Candidates, probably late 20's/early 30's, must have sound knowledge and experience of European leasing arrangements for capital goods, ideally in a commercial/industrial environment. Sales orientation and an eagerness to quickly develop this new role is essential. Knowledge of French and/or German a distinct advantage.

Salary will be attractive. Benefits include a company car (Granada 2.3 or equivalent), BUPA and assistance with relocation expenses where appropriate.

Please write with full details, or for an application form telephone:
Mr. A. Tyler, Personnel Manager,
Crosfield Electronics Limited,
766 Holloway Road,
London N19 3JG.
Tel: 01-272 7766.

This appointment is open to men and women.

A De La Rue Company

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Home Counties — to £17,000 + Car

Our client, an unquoted Public Company, is a long established and highly successful main motor dealer based in the Home Counties, North West of London.

They wish to recruit a Group Financial Controller, reporting to the Managing Director, with overall responsibility for the total finance function. The company operates a highly sophisticated computerised accounting system and seeks an individual capable of developing and interpreting a comprehensive management information package.

The successful candidate will be a qualified accountant aged 30-40 of proven ability in an industrial/commercial environment. Experience of the motor trade, while desirable is not essential.

For more detailed information and a personal history form, please contact Richard Norman, F.C.A., 410 Strand, London WC2R 0NS, telephone: 01-836 9501 quoting reference 3296.

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DLA

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INTERNATIONAL LIMITED

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Applications are invited from experienced Eurobond sales executives to join the Group's Sales and Trading Department in London. The successful candidates will work in close conjunction with the trading function and be responsible for marketing fixed income securities in major currencies to the firm's clients in Europe.

Ideal candidates — aged 23/30 — will have three or more years experience in Eurobond sales, possess all the necessary technical and marketing skills and be able to create and maintain client relationships.

Salary will be negotiable, depending upon experience, plus a generous discretionary performance-related bonus and BUPA.

Please write, in confidence, enclosing a curriculum vitae to:

F. Ross Walpole, Vice-President
Blyth Eastman Paine Webber International Limited
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Scrimgeour, Kemp-Gee & Co.

Members of The Stock Exchange

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Scrimgeour, Kemp-Gee & Co. wish to make an additional senior appointment in their Corporate Finance Department. Applicants must be fully experienced in the technical aspects involved, having detailed knowledge of the Companies Acts, The Stock Exchange Yellow Book, and the Take-Over Code.

However, while this background is a pre-requisite, the position will be a creative one involving direct contact with our existing corporate clients and the development of new ones. The successful applicant will be capable of making both written and verbal presentations, at Board level, to clients concerning the development of their business.

The ideal candidate will be aged 32 - 38 and a solicitor or accountant with at least three years experience in Corporate Finance with a Merchant Bank, Stockbroker or Solicitor. Remuneration will be fully competitive and prospects within the firm are excellent.

Please apply, in strict confidence, to:

Christopher Bell,
Corporate Finance Department,
Scrimgeour, Kemp-Gee & Co.
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THE UNIVERSITY OF MANCHESTER

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The University invites applications for a Chair in Accounting, which has become vacant on the resignation of Professor Carsberg. The other Chair in the Department is occupied by Professor John Arnold. Salary will be within the normal professorial range, with superannuation benefits. Applications (one copy suitable for photocopying), giving full details of qualifications and experience and the names and addresses of three persons to whom reference may be made, should be sent, not later than July 29th, 1981, to the Registrar, The University, Manchester M13 9PL, from whom further particulars may be obtained. Please quote ref. 109/81/FT.

GROUP ACCOUNTANT

c £13,000

The credit terms that can be offered to finance increasingly complex world trade, are often of prime importance in securing contracts. New and imaginative techniques are constantly required to ensure prompt receipt of funds by the manufacturer. Our client specialises in bridging the funding gap, and their service is complemented by their worldwide associates.

A qualified accountant (A.C.A. or A.C.C.A.) with a proven record in Export finance is now sought to compliment this highly successful organisation to be based in the London office. The opportunity offered to the right candidate is excellent and the total benefits package will include mortgage subsidy.

For further details apply in the strictest confidence to,
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We are seeking an enterprising and self-motivated person, well connected with stockbroking and investment circles of the City, to promote and raise investment funds for property investment co-ownership trusts. Contact:

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Tel: 01-638 2909

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Written applications, in confidence to E B D Waldy

Weatherall Green & Smith
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Our client, a major American financial institution participating actively in the primary and secondary markets, has a requirement to increase the strength of its team by one or two, to handle an increasing volume of business.

Applicants should have several years' experience in the bond and securities markets and be in a position rapidly to assume responsibility for running their own book.

Excellent terms and conditions of employment apply, including mortgage facilities, non-contributory pension scheme, etc.

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The manager in this senior position should preferably have had 15 years broad experience in identifying, assessing and undertaking successful international real estate investments, particularly in the North American market. A recognized professional with a notable track record is sought.

Given the importance of the appointment and the calibre of individual required, our client will pay an excellent salary and provide a full range of overseas benefits including furnished accommodation, car and financing of children's education. An initial renewable three year contract is envisaged and the location is probably the most attractive in the Far East.

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Attractions include some two years in a financially advantageous climate, full expatriate benefits, excellent living conditions and facilities (especially for married couples) and good schooling and holiday arrangements. Furthermore, our client is a large US multinational corporation, which is committed to a policy of developing staff for promotion on satisfactory performance to world-wide locations.

Based in Dammam, duties will include the development and monitoring of financial reporting procedures, the preparation of the business plan, forecasts and revisions, costings and project evaluations, fixed asset analysis and the computerisation of procedures.

It is essential to be a professionally qualified accountant with at least two years' post-qualification, industrial experience in management accounting in a computerised environment. Knowledge of Arabic would be useful, but not essential.

Applications, which will be treated in strict confidence, should contain relevant details of career and salary progression, age, education and qualifications.

Please write to Alan Crompton quoting reference 984/FT on both eacvelope and letter.

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Management Consultants
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Qualified Chartered Accountant required for well established audit practice. This is an opportunity to work in an international environment in which a knowledge of banking law and some French/German would be an advantage. Salary c. £17,000.

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P.O. Box 1632
43 Rue Goethe,
Luxembourg
Tel: (010352) 27381

ACCOUNTANCY APPOINTMENTS

also appear today
in the
ACCOUNTANCY SURVEY
on Pages 33, 34, 35, 36, 37, 38.

International Banking

NIGERIA

ASSISTANT TREASURER—OPERATIONS £50,000 plus free accommodation etc.

Our client, a respected international bank currently undergoing considerable expansion, seeks to strengthen its finance team by the appointment of an Assistant Treasurer. A sound accountancy background within a banking environment is required.

The prime responsibilities will be to monitor cash flow in a multi-currency environment, to establish an efficient transmission service, to develop and implement the necessary reporting techniques relative to correspondent banks and to develop the necessary associated infrastructure including provision of cover etc.

Candidates, preferably aged 30-34, should have at least five years' appropriate experience gained within an international bank, and possess the ability to manage and train local staff. Our client would expect a minimum commitment to Nigeria of four years, after which a long term career within the parent group is envisaged. Fluency in French, although not essential, would be an advantage.

The usual expatriate benefits will be provided, including free housing, utilities, car etc.

Jonathan Wren
Banking Appointments

Please telephone, or send a detailed curriculum vitae in confidence to Roy Webb, Jonathan Wren & Co., Ltd., International Division, 170 Bishopsgate, London EC2M 4LX. Tel: 01-623 1266. No identities divulged without permission.

GENERAL INSURANCE COMPANY IN INDONESIA REQUIRES
GENERAL MANAGER

To take charge of all departments of the company, technical, marketing and administrative.

CONSUMER ELECTRONICS MANUFACTURING/ASSEMBLY FACTORY IN INDONESIA REQUIRES
GENERAL MANAGER

to take charge of production/marketing and general administration.

PLANT PRODUCING VARIOUS TYPES OF TEXTILE FABRICS IN INDONESIA REQUIRES
GENERAL MANAGER

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GENERAL MANAGER

to take charge of production/marketing and general administration. Applicants must have thorough knowledge of various applications and end uses of the films.

FISHNET AND ROPE MAKING PLANT IN NIGERIA REQUIRES
GENERAL MANAGER

to take charge of production/marketing and general administration. Candidates should be between the ages of 30 and 50 years, and must have 7-10 years' experience in their respective fields.

The positions offer exceptional growth opportunity for candidates seeking to upgrade their career prospects and have confidence of assuming responsibility over the entire organisation of the company.

An attractive package of remuneration and perquisites will be offered to deserving candidates, including chauffeur-driven car, housing, etc.

Applicants must provide full details of qualifications, experience, age, current earnings, contact telephone number and enclose a passport size photograph.

Please address your application to:
Dr. R. C. Cooper
25 Gallop Road, Singapore 1025

EMPLOYMENT CONDITIONS ABROAD LIMITED

An International Association of Employers providing confidential information to its member organisations, not individuals, relating to employment of expatriates and nationals worldwide.

01-637 7604

REGIONAL VICE PRESIDENTS IN-FLITE MARKETING

in Hong Kong Lisbon London Mexico City Rio De Janeiro

Marriott Corporation is an internationally recognized diversified leader in the hospitality industry. Aggressive plans to increase our airline catering leadership in strategic international markets have created these NEW POSITIONS in our International In-Flite Division. These individuals will be responsible for planning and achieving marketing objectives within their geographic areas.

Ideal candidates will have at least 10 years broad-based international marketing experience. Preference will be given to those individuals currently in the airline catering, airline passenger or contract food service industry. Strong cross-cultural sensitivity and local linguistic fluency will be essential in each area. The positions also require experience and demonstrated effectiveness in the following areas:

- New business development.
- Senior management contact, both internal and external
- Pricing analysis
- Proposal development and presentation
- Contract negotiation

Our success in meeting the International In-Flite Division's growth objectives for the 80's will depend on the abilities of these Vice Presidents. Future compensation potential will likewise reflect their success. Current package is fully competitive and includes complete overseas benefits.

All replies will be held in strict confidence and acknowledged. Please include salary history and requirements with your curriculum vitae.

Marriott corporation
Employment Department-RVP
Marriott Drive
Washington, D.C. 20058 U.S.A.

An Equal Opportunity Employer m/f

Branch Comptroller

Salary Negotiable

Due to continued business expansion, we wish to recruit an experienced Branch Comptroller to be based in the Bank's branch in London, reporting to the Head Office Comptroller in Bahrain.

Candidates should be UK residents in their 30's and will ideally have a university degree or a professional qualification in Banking or Accounting, with at least 7 years in a banking environment some of which has been at a supervisory level. Exposure to inspection work and computer based systems, and procedures reviews would be a distinct advantage.

This position is being offered on a career basis.

Remuneration and other benefits offered will be extremely competitive and are designed to attract candidates of outstanding quality.

Interested candidates should write enclosing c.v. direct to Mr. Peter Shefford, Assistant Vice President, Recruitment and Training/Development, Gulf International Bank B.S.C., PO Box 1017, Manama, Bahrain.

All applications will be treated in the strictest confidence.

Gulf International Bank B.S.C.

EUROPEAN AUDIT FOR U.S. ENTERTAINMENTS GROUP

Chartered Accountant, Age 25+ c£12,000+December Review

Due to promotion to the European Management Team in Paris an opportunity exists to join this London based Corporate function which reports directly to New York. The Group is a world leader in the Entertainments Industry and has extensive operations in the U.K. and Continental Europe.

You will perform reviews of both marketing and manufacturing operations, spending 50%-60% of your time in Europe completing reports to provide assurance to senior management and to assist in improving the control of operations. Accomodation is at top class hotels and you will generally return home each weekend. You will also attend the annual conference in the U.S.

Applications are invited from Chartered Accountants, aged 25-30, with fluency in French or German; familiarity with E.D.P. techniques would be an advantage. Career development is offered in both Head Office and Line Management roles within the U.K. and European Operating Companies.

Call Bill Curteis on 01-248 6321 or write to me at:—

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INTERNATIONAL OIL COMPANY

requires for its crude oil refinery in the West Indies a

FINANCE MANAGER

This senior position calls for a mature, well-qualified financial man (chartered accountant or equivalent) with refinery experience to head up the finance division of an expanding refinery.

Attractive salary and usual big company benefits offered

Reply with detailed curriculum vitae and telephone number to:

THE PERSONNEL DEPARTMENT (REF. DW)
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GENERAL MANAGER Banking

EAL

Wardley Limited, the Far East based Merchant Banking Group, seeks a General Manager for Wardley International Bank Ltd, a fully fledged banking operation, in Nassau, to take Wardley non-Hong Kong Dollar deposits and to fund an offshore loan portfolio. The successful candidate must be a sophisticated banker experienced in FX and multi-currency trading.

He will be responsible for the training and control of around 20 staff. The attractive package includes cost of living allowance, profit share, free accommodation and house purchase/re-financing scheme. Also life and medical insurance, six weeks holiday, re-location assistance, leave passage allowance. Car provided. Progressive future. Preferred age in 30's. (SW.687)

Candidates male or female should write briefly and in confidence to the Managing Director, Executive Appointments Limited, 18 Grosvenor Street, London W.1, quoting reference. No identities divulged without permission.

Regional Managing Director

Hong Kong *£25,000+pa*

A medium-sized UK public company is looking for an experienced executive with a record of successful profit development to head up its operations in South East Asia. The Group, through its subsidiaries in Singapore, Malaysia, Hong Kong, and the Philippines is a major advertising contractor in the region.

The Regional Managing Director is responsible for the overall profitability and development of these companies. The post demands extensive management experience, preferably with a bias towards sales and marketing and the ability to develop and implement business plans in conjunction with the operating managing directors in an overseas environment.

Applicants should ideally possess experience of overseas profit centre management and of negotiation with senior government officials and have the ability to analyse problems and develop suitable solutions. Since an important part of the Regional Managing Director's role is to isolate and develop new business opportunities, an entrepreneurial outlook is considered important.

The candidate will be located in Hong Kong and must be prepared to travel extensively. The employment package comprises full expatriate benefits including free housing.

Please write in confidence to Michael R. Andrews, Executive Selection Division, Southwark Towers, 32 London Bridge Street, London SE1 9SY. Quoting MCS/7037.

Price Waterhouse Associates

TECHNOLOGY

EDITED BY ARTHUR BENNETT AND ALAN CANE

How to see to the bottom of an oil well

THE SALTIEST language in the North Sea is heard when oilmen go "fishing." Not for herring, but for broken parts of drill bits or drill strings lost 10,000 or more feet down the bore hole.

The operators have to search "blind": the drilling process has to be eased by chemical mud which is pumped down the centre of the bit and returns to the surface via the annulus between the drill string and the wall of the bore hole.

This mud cools and lubricates the drill bit but it also makes visual inspection of the lower reaches of the bore hole an impossibility.

Miniature television cameras, the simplest method of investigating bore holes visually, simply cannot see through the sludge.

Now a retired industrial chemist, Mr Edward Sington of Saffron Walden, Essex, has secured British and U.S. patents for a method of clearing a window in the sludge so that television cameras can be used to direct the hunt for broken parts.

His method essentially involves the formation of an area of clear liquid between the lens of the camera and the object it is looking at, which cannot be invaded by the mud.

The trick is to use a liquid which is immiscible with the opaque sludge but of a similar density. If the difference in density between the clear liquid and the sludge is too great, the clear bubble of liquid around the lens will be unstable. It will break up into smaller bubbles and float away in the sludge.

Mr Sington argues that a mixture of clear compatible liquids gives the best chance of success. He says that carbon tetrachloride mixed with hydrocarbons of various densities is particularly appropriate.

In practice, the Sington system uses a feeder tube attached to a ring manifold around the lens of the television camera with a series of nozzles around the ring pointed at the lens.

The camera is lowered to the right depth—a procedure that still requires guesswork—and the clear liquid forced down the tube and out around the lens.

Careful adjustment of the density of the liquid should result in the lens being cleaned of residual mud and "fluid lock" formed within which everything is visible to the electronic eye.

More on 0279 850272.

In 1979 there were 910 electronic typewriters in the UK. By the end of last year there were 23,648.

The office looks for a humbler revolution

SPECTACULAR growth in sales of electronic typewriters is upsetting preconceived notions of how the "electronic office revolution" will develop.

While the thunder of publicity rolls around sophisticated screen-based typing systems it is becoming clear that the real market battle is taking place at a humbler level.

Figures from the research organisation BIS - Pedder, which records annually the number of computers and computer-based machines in the country, show the full extent of the change.

Survey

It shows that at the end of 1978 only 100 electronic typewriters were installed in the UK. (Mr. Derek Pedder, who masterminds the surveys, defines an electronic typewriter as a typewriter with a silicon chip to decode the keyboard instructions, a stepper motor to drive the print head, limited editing and storage functions and less than 48,000 characters of internal storage.)

By the end of 1979, the installed based had risen to 910—and by the end of 1980 the figure was 23,648.

Mr. Pedder believes that by the end of this year, the number installed will be close to 50,000.

This phenomenon is borne out worldwide. According to Creative Strategies International, a leading U.S.-based industry analyst: "The infant electronic typewriter segment of the market will grow rapidly, supplanting a good part of the standard electric market and most of the printer-based word processor market by 1984."

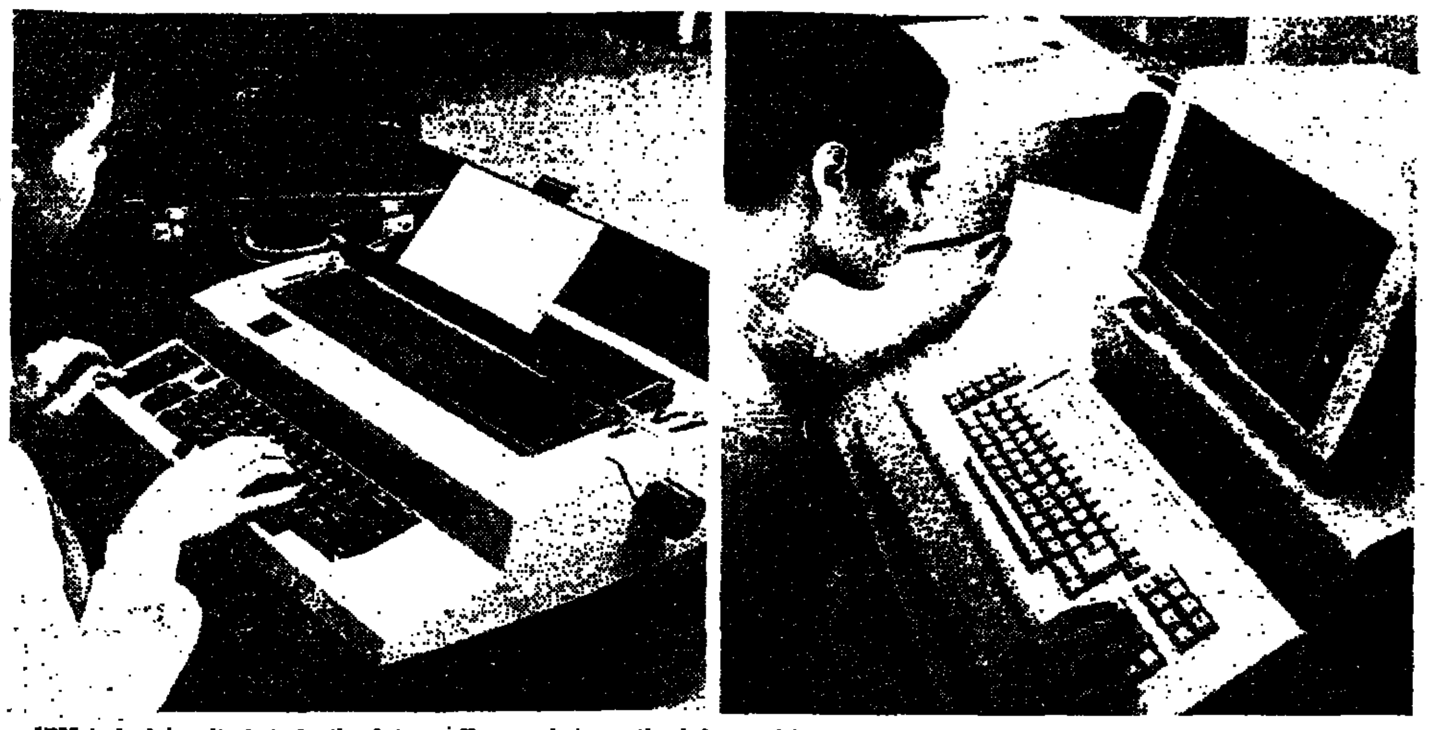
In the UK, the market leaders are Olympia and Olivetti, well established in the office equipment business. In the U.S., Qyx, an Exxon subsidiary, and IBM introduced electronic machines in 1978 and a host of other manufacturers are now following suit.

According to Olivetti, it has sold 16,000 of its ET range of electronic typewriters in the last 18 months alone.

The reason that electronic typewriters have now become the "new, hot market" as Creative Strategies puts it, is partly availability—the IBM 50 and 60 and the Qyx became available only in 1978, the Olivetti ET 201 and 221 in 1979 and the IBM 75 in 1980.

It is also the fact that many customers seem happier dealing with machines with a method of operation they can understand and a price in their compass than with the new-fangled, screen based machines.

A number of studies have shown that customers are nowhere nearly as familiar with the principles and practices of word processing as the manufacturers would like to think.



IBM is hedging its bets in the future office market; on the left, the Model 75, flagship of its typeyriter range. On the right, the Displaywriter which offers low priced screen typing

The electronic typewriter sales figures, in fact, give added weight to the views of those who believe the office revolution will start at the bottom—with the humble typewriter—and grow in complexity, rather than at the top with a sophisticated system of communicating, computer-based word processors.

Pedder's figures for that market place show there were 847 word processing stations installed in 1978, 1,987 in 1979 and 4,170 in 1980.

There was, therefore, substantial growth in the market for these very sophisticated word processing systems, but not to be compared with the growth in electronic typewriters.

What has made this new market possible in the manufacturing economies possible in building electronic, as oposed to electromechanical, systems.

Inside a typical electric typewriter such as the IBM Selectric is a mass of mechanical parts and electrical wiring. Inside a typical electronic machine is a mass of empty space.

The market is becoming segmented into those companies offering only electronic word processing systems such as Wang, AES or Wordplex, those offering principly electric or electronic systems such as Silver Reed or SCM, and those hedging their bets with a full range of equipment.

These include Olivetti which has just enhanced its electronic typewriter series with a machine with twin floppy discs in an external drive, and IBM—which still continues to make and sell its typeball electric in vast quantities.

On balance, Olivetti believes that its customers will opt for the evolutionary approach and is backing its bet with a hierarchy of electronic typewriter-based equipment.

Integrated

Wang, with 15.5 per cent of the market for screen based systems is looking to a much more integrated future.

IBM with the Model 75 and with the very cheap and effective Displaywriter has hedged its bets both ways.

The compromise view is that electronic typewriters will continue to grow spectacularly in sales for a few years until the market is sufficiently sophisticated to accept screen based systems as the building block of the electronic office.

Alan Cane

..POINTERS..

Tractors

THE MOST advanced tractor for farmers to be produced by International Harvester goes on the market today.

There are 16 models in the 52 to 145 hp range and most of these incorporate what the company describes as the XL control centre which "insulates" the driver from engine vibration. There is also a seat for a passenger, an unusual innovation on a British farm tractor.

The doors, which are connected to a central pillar, are kept open by hydrogas cylinder struts and closed by double door catches.

To improve safety, a limited-slip differential system is now a standard range feature on 4WD versions, as is a dual hydraulic disc - braking mechanism to give positive stopping power. There is full engine braking at all times with the optional torque amplifier. An auxiliary braking system has been allowed for to be added to trailed equipment, which anticipates possible future legislation on this subject.

Touch input

A COMPUTER terminal in which data is put in to the system by touching the video screen with a finger rather than through a conventional keyboard has been launched by Touch Technology.

Touch sensitive screens have been used in a number of systems, notably Control Data's "Plato" teaching system, but the Touch Technology device is one of the first to be offered on a commercial basis.

The screen senses the position of the finger through infra-red detection. Beams of infra-red light cross the screen in a matrix of invisible light. The beams are broken in horizontally and vertically when a finger touches the screen and the point of contact calculated by a microprocessor system.

The company suggests the terminals can be used for a number of specialised applications including finance and medical interviewing. More information on 0206 298181.

Lab pump

HORSTMANN MEDICAL and Laboratory Equipment of Bath has introduced a 30 channel peristaltic pump which, it claims, ameliorates the problem of tube wear.

The new pump, designed for routine analytical operations in hospitals, research clinics, chemical and pharmaceutical laboratories and quality control divisions, has an impregnated glass fibre sheet placed between rollers and tubes. Frictional wear is virtually eliminated, according to the company, and tube life is limited only by the elasticity of its walls.

Leaks in the system can be detected by an optional electronic monitor—there are visual and audible warnings and the pump can be set to switch itself off or to complete critical read-outs.

More information on 0225 21141.

Fuel watch

WITH THE accent on performance these days, a new fuel monitoring system with mileage input and mpg computational facilities should prove interesting to fleet operators.

The new device is made by Fuelmonitoring Systems of New Malden, Surrey (01-949 5521) and provides control and monitoring facilities when refuelling trucks from bulk fuel supplies. The device, the Fuelmonitor 8200, can service up to eight pumps simultaneously from four outstations.

The system involves a machine-read card which identifies the vehicle and which switches on the fuel pump.

After fuelling, the amount drawn is indicated together with the previous total for that vehicle. If the vehicle mileage is entered, it is a simple matter to calculate the fuel consumption of the individual vehicle.

International Appointments

LOMBARD

The French sing a new tune

BY JOHN WYLES IN BRUSSELS

CAUTIOUSLY, but with increasing conviction, people can be heard talking of a new voice being heard in the European Community. A voice which calls *for more active Community* initiatives to attack the effects of recession and which urges changed attitudes to the Third World. It is articulating not so much a classic Europeanism but a Community-mindedness which implies that on many issues EEC member states should think first of resolving problems in a Community context *rather than seeking purely* national solutions. To everyone's growing fascination, the voice is French.

The public and private approaches of ministers such as Claude Cheysson, external affairs, and Jacques Delors, finance, have until now been so distinctively different from that of their predecessors that EEC diplomats and politicians are blinking with disbelief. Grandiose expressions of France's historic leadership role in Europe have been replaced by an almost humble acknowledgment of France's relative economic and social weaknesses. *Bravura declarations of French* independence have given way to beguiling admissions that France can achieve much more with the help of her EEC partners. Scornful criticisms of the efforts of the European Commission have been abandoned in favour of sympathetic recommendations of policy proposals which have been languishing *and gathering dust for lack of* attention.

Credibility

It is no exaggeration to say that last week's "jumbo council" of EEC economic and employment ministers gained a totally unexpected credibility and usefulness from the contri*bution of M Delors.*

He, however, sparked a discussion that the Chancellor of the Exchequer, Sir Geoffrey Howe, admitted afterwards had been "surprisingly useful." M Delors' contribution was to create an atmosphere and to focus the discussion. By means of a new approach and carefully prepared policies, he said, "*we can show those who live* in our cities, who work in our factories, offices and farms, that Europe is doing something positive."

More specifically, M Delors called for closer EEC economic co-operation in three areas. The first was to develop a common approach to the U.S. over its interest rate policies, drawing Washington's attention to the effects of current policies on European economies.

Second, the French finance minister urged the more effective use of Community loans through the European Investment Bank to stimulate economic revival in the EEC and further development in the Third World. Third, France wanted *much closer industrial* cooperation at Community level both in research and development and innovation. France, asserted M Delors, could not face alone the technological challenges from the U.S. and Japan.

Is this new French voice a temporary phenomenon, springing from a new government's *natural desire to seem as different as possible from its predecessor?* Much depends on the attitudes of President *Mitterrand, whose inevitable* early preoccupation with domestic affairs has allowed his ministers unusual scope to articulate policy.

Significantly these ministers, M Cheysson, M Delors, Mme Edith Cresson (agriculture) as well as prime minister Pierre Mauroy, have an experience of the EEC which seems to have bred a conviction that the Community is suffering too much from inertia and fragmentation. After eight years in the *European Commission* M Cheysson viewed the difficulties from one perspective while the other ministers mentioned above observed as members of the directly elected European Parliament.

France's new approach will not guarantee a new era of sweetness and light in the EEC. There remain, after all, national *interests to defend* in fisheries, agriculture and budget reform which have not been changed by recent election results. But the way in which the defence is conducted and the framework in which agreements are made can be all-important.

Taken at face value, statements by Messrs Cheysson and Delors suggest that France may *wish to push forward the frontiers* of Community authority and decision-making. If this is to be the new French refrain, then the UK in particular may find it a strain to stay in tune.

'Parallel' importers likely to win again

BUSINESS AND THE COURTS

BY A. H. HERMANN, Legal Correspondent

THE research-based pharmaceutical companies have been engaged for many years in a war with "parallel importers" who buy their products in countries where they are cheaper and undercut the local appointed distributors.

The distributors used to be protected against cheap imports by patents and trademarks, but this barrier was whittled away in a series of battles lost by the companies in the European Court.

Another such battle is now in progress in Luxembourg and if the Court follows the opinion which the *Advocate General* delivered earlier this month, the companies will lose again. This defeat could be particularly painful because it would open the door to "parallel" imports even from countries where the pharmaceutical products cannot be patented—the only situation in which patent protection was still believed to be effective.

The dispute,* which was referred to Luxembourg by a Dutch court, concerns *Moduretic*, a drug *for the treatment* of hypertension, manufactured and marketed in all member states of the Community by Merck and Co., the large American pharmaceutical company. It holds patents for this drug in all the member states except Luxembourg and Italy.

The Italian patent law of *1939* excluded the possibility of patents for pharmaceutical drugs and their manufacturing processes. But this was declared unconstitutional by the Italian constitutional court in 1978, so that since that time it has been *possible to obtain such patents.* However, by the time the constitutional court decided this issue it was too late for obtaining a patent for Moduretic as its priority date had by then long expired.

Nevertheless, Merck manufactures and markets the product in Italy, though it sells there at a lower price than any*where else in Europe*, probably as a consequence of a lack of patent protection, with the UK price coming a close second.

The price *obtainable* in the Netherlands is the highest in Europe, and as a result Moduretic purchased in Italy, or for that matter in Britain, can be imported into the Netherlands with a 150 per cent mark up. This opportunity was seized by Stephar, a Dutch importer, who buys Moduretic in Italy and re-sells it in the Netherlands at prices lower than those charged by Merck.

Merck brought summary proceedings, for infringement of *its patents under Dutch patent* law, against Stephar and its director. There is little doubt that if Dutch law alone were decisive *Merck could obtain* an injunction, but Stephar argued that such use of the Dutch *patent law* would be contrary to the EEC rules protecting free circulation of goods and the Dutch court referred the case to Luxembourg *asking* whether this was so.

As a result of several judgments given in disputes with pharmaceutical companies and parallel importers, it is now well established that a patent owner *must not use his patent* rights to stop imports of the protected product from another member country where the product is put into circulation by him or with his consent. The theory was *that once the patent* owner put the product on the market he exhausted his patent rights.

The rationale behind this theory of exhaustion was the assumption that the essence of a patent was to give the patent holder a reasonable return for his invention, and that he received such a return as soon *as he sold* the product. This was the conclusion drawn from the *Parke Davis* case**, when the European Court upheld *patent protection against drugs* imported from Italy where they could not be patented.

However, there is a substantial difference between *Parke Davis* and the present case. In the former the drug was pro*duced by an Italian imitator* without the consent of the pharmaceutical company. In the latter the drug was manufactured by the pharmaceutical company which is trying to stop its imports into the Netherlands.

Supporting Merck, the British Government referred to the Community Patent Convention's Article 81.

In the view of the British Government this sentence was inserted into the Convention to provide for the protection of the patent holder in the type of situation which is now before the Court.

The EEC Commission took the view that Merck could obtain an exemption from the general principle of free circulation of goods only if the product was also manufactured by a third party without its consent.

The Commission took this occasion to expand on the theory of exhaustion: in its view the territory to be taken into account is not any national territory but the whole Common Market. As soon as the product *is placed on the market* by the patent owner or with his consent, it should no longer be possible to prevent the importation and marketing of the product in another member state with the help of patent laws.

The Commission restated its view that it is not the purpose of patents to guarantee to the patentee a higher profit than can be derived from the market place. With reference to Article 81 *of the Community* Patent Convention, cited by both the British and French Governments in support of Merck, the Commission stated that this was a political compromise which, in its view, was not meant to cover the present situation.

The first Advocate-General, Herr Gerhard Reischl, elaborated further on the views expressed by the EEC Commission. Article 81 of the convention, he said, was adopted only after the Commission and the German Government pointed out that the case law of the court would not allow the use of patents as a barrier to imports from a member-country where the product, marketed by the patent owner, cannot be patented. Moreover, the convention provided for the supremacy of EEC law.

Turning to the fundamental rights derived from a patent, Herr Reischl said that the exclusivity of production and marketing was not an end in itself, but was meant to provide the patent owner with the possi*bility of obtaining* a reward for his inventiveness. However, the patent provided only a chance of obtaining such a reward. Its realisation depended on market factors.

The Advocate-General thought that no one forced *Merck* to produce and market the product in Italy. But once Merck produced in Italy, it could not have the cake and eat it by trying to stop the importation of its Italian product to the Netherlands.

A careful reading of the court's *Centrafarm* judgments suggests it will come down against Merck and in *favour of* the parallel importer.

Correction: We regret that *the meaning* of the fifth paragraph in Justinian's article on Exxon (Monday, June 15 1981) was reversed by a printing error. The *authors of* the word Exxon *were able* to obtain an injunction to restrain the passing-off and an order removing the defendant's corporate name from the register.

** Case 187/80 Merck and Co v Stephar BV, unreported.*

*** Case 24/67 Parke, Davis and Co v Probel, (1968) CMLR 47.*

Fool's Dance looks a safe bet

RACING

BY DOMINIC WIGAN

FOOL'S DANCE and Ardross look bankers at Royal Ascot this afternoon and there could be a Ladies Day crowd of nearly *50,000 if there is no rain.*

Although Ardross failed on three occasions to deal with Le Moss in big cup races last season, it is not beyond the realms of possibility that Piggott's mount has now become a stayer the equal of any seen on an English racecourse.

That was the conclusion many *reached after seeing* Ardross return in triumph at York last month. I have never seen smart stayers in a group race treated with such disdain. Ardross quickened effortlessly close to home brushing aside Nicholas Bill and company in the Group 2 Yorkshire Cup.

Adross's victory led handler Henry Cecil to say: "There was practically nothing to choose between them (Le Moss and Ardross) last season. But I think Ardross may now be a much better horse as he's let down all round and strengthened a lot."

An outstanding bay with looks almost to match Ardross should not be hard pressed to deal with his three opponents. The best of them is likely to be Shoot A Line, whose slim chance rests *on a dawdle during the first* mile and a half.

Guy Harwood praised Fool's Dance after seeing his own colt, Red Sunset, lift Tuesday's Coventry Stakes. Fool's Dance had proved the master when the pair met at Kempton. *This afternoon*, Fool's Dance, an inexpensive Gay Fandango colt trained at Beckhampton, can underline Harwood's compliment by outclassing eight rivals. The best *of them may* be Ireland's Artaius chestnut Day Is Done. The two colts are the only unbeaten runners in the Norfolk Stakes.

Clear Verdict has never been a great favourite of mine but I shall be siding with him for the King Edward VII Stakes. He is apparently back to his best. Clear Verdict may be *followed home by Centurius who* does not appear to relish a struggle once off the bit.

ROYAL ASCOT

2.30—Columnist*
3.05—Fool's Dance***
3.45—Ardross
4.20—Clear Verdict**
4.55—Mubhedj
5.30—Neltino

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 9.47 For Schools, Colleges. 11.25 *Cricket—First Test: England* v Australia from Trent Bridge. 1.12 pm Regional News for England (except London). 1.15 News. 1.30 Chock-a-Block. 2.00 You and Me. 2.15 For Schools, Colleges. 3.00 Cricket: First Test (further coverage). 3.53 Regional News for England (except London). 3.55 Play School (as BBC 2 11.00 am). 4.20 The Perils of Penelope Pitstop. 4.40 Oscar, Kina and the Laser. 5.00 John Craven's Newsround. 5.10 Blue Peter.

5.40 News.
5.55 Regional news magazines and Nationwide.
6.20 Nationwide.
6.45 Tomorrow's World.
7.20 Top of the Pops.
7.55 The Hitch-hiker's Guide to the Galaxy.
8.30 Rings On Their Fingers.
9.00 News.
9.25 *A Town Like Alice.*
10.15 Hanging Fire: the State of Israel.
10.45 Question Time with Robin Day.
11.45-11.50 News Headlines.

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
1.30 pm Royal Ascot and Tennis (the BMW Championships).
4.35 Tennis and Cricket.
6.35 Open University.
7.00 Cartoon Two.
7.15 Mid-evening News.
7.25 Delia Smith's Cookery Course.
7.50 The Pursuit of Power: Robert McKenzie talks to the Rt Hon David Owen, MP.
†8.30 Battlefront: "Went The Day Well," starring Leslie Banks and Mervyn Johns.
10.00 Royal Ascot (highlights of Ladies' Day).
10.15 Cricket: First Test (highlights).
10.45 Newsnight.
11.30 Tennis highlights.

LONDON

9.30 am Schools Programmes. 12.00 The Ark Stories. 12.10 pm Get Up and Go! 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News. *1.30* Take the High Road. 2.00 Here Today. 2.45 Best Sellers: "Top Of The Hill." 4.15 Bugs Bunny and Friends. 4.45 The Daily Mirror USSR Gymnastics Scholarships 1981. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames News.
6.25 Help!
6.35 "Carry On Again Doctor!" starring Kenneth Williams, Sidney James, Charles Hawtrey and Barbara Windsor.
8.00 Young at Heart.
8.30 TV Eye.
9.00 Funny Man.
10.00 News.
10.30 Thames Report.
11.00 Lou Grant.
12.00 What the Papers Say.
12.15 am Close: Sit Up and Listen as Sir John Boyd reads Gray's Elegy.

All IBA Regions as London except at the following times:—

ANGLIA

1.20 pm Anglia News. †2.25 Thursday Afternoon Film: "Jacqueline," starring John Gregson. 6.00 About Anglia. 6.20 Arena. 6.35 Crossroads. 7.00 *Survival.* 7.30 *Benson.* 10.30 Diane Solomon at the Wolsey. 11.00 The Questors. 11.30 240 Robert. 12.30 am Themes.

ATV

1.20 pm ATV News. 4.20 Gymnastics. 4.50 Little House on the Prairie. 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today. 7.00 Emmerdale Farm. 7.30 England Their England: State of Welfare. 10.30 Here and Now, presented by Zia Mohyeddin. 11.00 The Questors. 11.30 ATV News. 11.35 *Athletics: Loughborough v AAA.*

BORDER

1.20 pm Border News. 4.20 Gymnastics (the Daily Mirror USSR *Scholarships 1981). 4.50 Little House* on the Prairie. 6.00 Lookaround Thursday. 6.35 Crossroads. 7.00 Emmerdale Farm. 7.30 Survival. 10.30 Take the Mick: The Music of Duke Ellington. 11.00 The Questors. 11.30 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where, and Weather. 4.20 Rocket Robin Hood. 6.00 Channel Report. 6.35 Crossroads. 7.00 The Television Programme. 7.30 Mork and *Mindy.* 10.28 Channel Late News. 10.34 Paris By Night. 11.00 The Questors. 11.30 News and Weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News. 4.20 The Daily Mirror USSR Gymnastics Scholarships 1981. 4.50 Kum Kum Cartoon. 5.10 Police News. 6.00 North Tonight. 6.35 Crossroads. *7.00 Top Club. 7.30 Father, Dear* Father. 10.30 Soap. 11.00 The Questors. 11.35 Sounds Gaelic. 12.05 am North Headlines.

GRANADA

1.20 pm Granada Reports. 4.20 Daily Mirror Gymnastics. 4.50 Story Hour. 6.00 Granada Reports. 6.25 This Is Your Right. 6.30 Crossroads. 7.00 *Emmerdale Farm. 7.30 Father, Dear* Father. 10.30 Celebration. 11.00 The Questors. 11.30 What the Papers Say, with George Gale. 11.50 Then Came Bronson.

HTV

1.20 pm HTV News. 4.15 The Daily Mirror USSR Gymnastics Scholarships. 4.45 The Flying Kiwi. 5.10 Jobline Newsdesk. 5.20 Crossroads. 6.00 Report West. 6.30 Happy Days. 7.00 Emmerdale Farm. 7.30 England Their England: State of Welfare. 10.28 HTV News. 10.35 Return to the Imjin: *John Woodvine narrates the story* behind one of the most legendary battles in Korea. 11.35 Mannix.

HTV Cymru/Wales—As HTV West except: 9.30-9.45 am Cymru A'r Mor. 12.00-12.10 pm *Owain A'r Olion.* 4.15 Brendon Chase. 4.45 Ser. 5.15-5.20 Peer Gynt—Stormy Seas (cartoon). 6.00 Y Dydd. 6.15-6.30 Report Wales. 11.35-12.35 am Fireside Theatre.

SCOTTISH

1.20 pm News and Road and Weather. 1.30 Out of Town. 4.15 Gone Batty. 4.20 Daily Mirror USSR Gymnastics Scholarships 1981. 4.50 Fangface. 5.15 Teatime Tales. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Action Line. 6.30 Sale of the Century. 7.00 Take the High Road. 7.30 Leave It to Charlie. 10.30 Soap. 11.00 The Questors. 11.30 *Late Call. 11.35 International Speedway,* from Powderhall Stadium, Edinburgh.

SOUTHERN

1.20 pm Southern News. 4.15 Bugs Bunny (Gone Batty). 4.20 Gymnastics: 4.50 Laurel and Hardy. 5.15 Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Day By Day. 6.30 University Challenge. 7.00 Emmerdale Farm. 7.30 Three's Company. 10.30 Cross-Channel. 11.00 The Questors. 1.30 Father, Dear Father.

TYNE TEES

9.20 am The Good Word. 9.25 North-East News. 1.20 pm North-East News and Lookaround. 2.25 Thursday Matinee: *"They Came From Beyond Space,"* starring Robert Hutton. 4.15 Cartoon Time. 4.20 The Daily Mirror USSR Gymnastic Scholarships. 4.50 Tarzan. 6.00 North-East News. 6.02 Crossroads. 6.25 *Northern Life.* 7.00 Emmerdale Farm. 7.30 Benson. 10.30 North-East News. 10.32 Soap. 11.00 Check It Out. 11.30 Double Top. 12.00 The Time of *My Life.*

ULSTER

1.20 pm Lunchtime. 4.13 Ulster News. 4.20 Gymnastics: The Daily Mirror *USSR Gymnastics Scholarships 1981.* 4.45 The New Fred and Barney Show. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 6.20 Police Six. 6.30 Happy Days. 7.00 Emmer*dale Farm.* 7.30 England Their England. 10.29 Ulster Weather. 10.30 Police Surgeon. 11.00 The Questors. 11.30 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 4.15 Bugs Bunny and Friends. 4.20 Rocket Robin Hood. 4.45 Gymnastics: The Daily Mirror USSR Scholarships 1981. 6.00 Westward Diary. 6.35 Crossroads. 7.00 The Television Programme. 7.30 Mork and Mindy. 10.31 Westward Late News. 10.34 Paris By *Night.* 11.00 The Questors. 11.30 Faith For Life. 1.35 West Country Weather and Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 4.15 Bugs Bunny and Friends: "Gone Batty." 4.20 Gymnastics: The Daily Mirror USSR Scholarships 1981. 4.50 Sierra. 6.00 *Calendar (Emley Moor and Belmont* editions). 6.35 Crossroads. 7.00 Emmerdale Farm. 7.30 Survival. 10.30 Calendar Carousel. 11.00 The Questors. 11.30 George Hamilton IV.

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo	BBC Radio London: 1458kHz, 206m & 94.9vhf
				Capital Radio: 1548kHz, 194m & 95.8vhf
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92-95vhf	London Broadcasting: 1151kHz, 261m & 97.3vhf

(S) Stereophonic broadcast
‡ Medium Wave

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Dave Lee Travis. 4.30 Peter Powell. 5.30 Newsbeat. 7.00 Dave Lee Travis. 8.00 Richard Skinner. 10.00-12.00 John Peel (S).

VHF only—5.55-6.55 am and 11.15 pm-12.55 am Open University.

RADIO 2

5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 Bob Kilbey (S). 2.00 Ascot Special (S). 4.00 Steve Jones (S). 5.45 News and Sport (S). 6.00 David *Symonds (S).* 8.00 *Country Club (S).* 9.00 Alan Dell (S). 9.55 Sports Desk. 10.00 The Impressionists. 10.30 Star Sound Extra. 11.00 Brian Matthew. 1.00 am Truckers' Hour (S). 2.00-5.00 You and the Night and the Music.

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert: Cherubini, Dvorak (S). 8.00 News. 8.05 *Giardini*, Schubert, Martinu. 9.00 News. 9.05 This Week's Composer: Haydn (S). 10.00 Malcolm Binns (S). 10.45 Cummings String Trio (S). 11.30 Midday Concert (S). 1.00 pm News. 1.05 Manchester Summer Recital (S). 2.00 Belgian Wind Quintet (S). 2.45 In Repertory (S). 3.45 BBC Northern SO (S). 4.55 News. 5.00 Mainly For Pleasure. 7.00 Schumann. 7.30 Radio Theatre '81. 9.00 Hollywood on Trial (S). 9.40 Vivaldi (S). 9.50 Words. 9.55 *Wolf* (S). *11.00 News.* 11.05-11.15 Handel (S).

Medium Wave only—10.45 am-5.40 pm Cricket: First Test.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.30 Today, including 6.45 Prayer for the Day; 7.00, 8.00 Today's News; 7.30, 8.30 News Headlines; 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Checkpoint. 9.30 The Living World (S). 10.00 News. 10.02 Policing the '80s. 10.30 Daily Service. 10.45 *Morning Story.* 11.00 News. 11.05 Analysis. 11.50 Enquire Within. 12.00 News. 12.02 pm You and Yours. 12.27 Brain of Britain 1981 (S). 12.55 Weather. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre. 4.00 Laughtersingers. 4.15 Bookshelf. 4.45 Story Time (S). 5.00 News. 5.50 Shipping Forecast. 5.55 Weather. 6.00 News. 6.30 Any Answers? 6.55 It's a Bargain. 7.00 News. 7.05 The Archers. 7.20 Time For Verse. 7.30 BBC Symphony Orchestra: Gennadi Rozhdestvensky (S). 8.30 Gammell's Gardens. 8.50 BBC Symphony Orchestra, part 2. 9.40 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in *Parliament.* 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.03 *Morning Star.* 10.03 The Robbie Vincent Telephone Programme. 12.30 pm London News Desk. 12.40 The Total Music Show. 2.30 Tony Blackburn. 5.00 News. 5.15 Music on the Move. 6.33 Openings. 7.03 Black Londoners. 8.00 As Radio 1. 10.00 Question Time from the House of Commons. 11.05-5.00 am Join Radio 2.

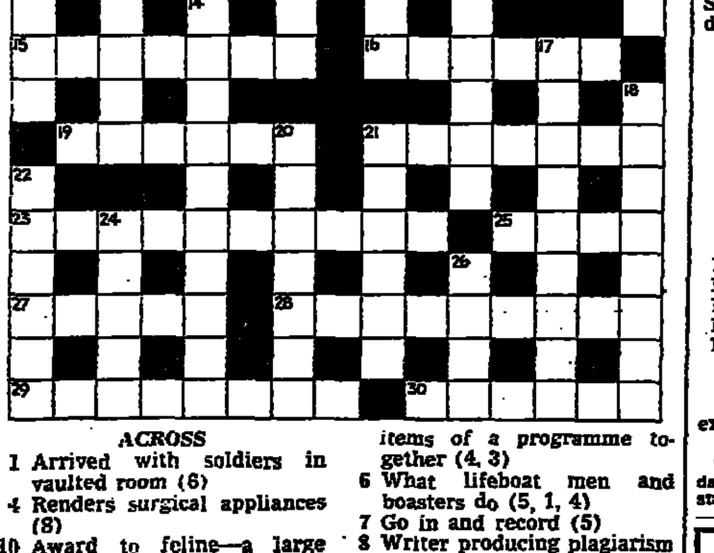
London Broadcasting

5.00 am AM—Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 7.00 pm London *Life.* 9.00 *Nightline.* 12.00 *LBC Reports* Midnight. 1.00 am Night Extra. 4.00 The London Interview. 5.00 Morning Music.

Capital Radio

7.00 am Mike Smith's Breakfast Show. 10.00 Michael Aspel. 12.30 pm Mike Allen. 1.00 First Report. 1.10 Mike Allen. 3.00 Roger Scott. 6.30 London Tonight. 8.30 Nicky Horne. 10.30 John Sach's Late Show. 12.00 Midnight Special.

F.T. CROSSWORD PUZZLE No. 4,597



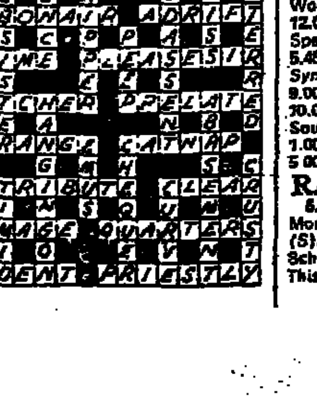
ACROSS

1 Arrived with soldiers in vaulted room (6)
4 Renders surgical appliances (8)
10 Award to feline—a large award (9)
11 Animal the Cockney says is warmer (5)
12 Dance-tune needing a drum (4)
13 Sole fish? (6-4)
15 One who jeers at money-holder from the south (7)
16 Sailor, when full, should provide a good hold (6)
19 Give to the finest Warrant Officer returning (6)
21 Agree to yield and comply (7)
23 Without deception as the chairman is (5-5)
25 Cut down *on church* work (4)
27 Soft journey with a family of lions (5)
28 Changing lac on unit without interruption (9)
29 Control and adjust by rule (8)
30 Story of a foot? (6)

DOWN

1 Include small competition to get up (8)
2 Coral from insane salesman with ore (9)
3 Draw a line and govern (4)
5 Become connected with chap, one who holds the items of a programme together (4, 3)
6 What lifeboat men and boasters do (5, 1, 4)
7 Go in and record (5)
8 Writer producing plagiarism in the South-east (6)
9 Article in vessel of one dimension (6)
14 As a moving picture goes, without hesitation (3, 3, 4)
17 Unlock the door to give hospitality to all comers (4, 5)
18 Pole drank to become dotty (8)
20 Engraving from lots of trees felled (7)
21 Being inclined to make accountant telephone (6)
22 Fuel for each cigarette (6)
24 Outstanding duck flight (5)
26 Pit belonging to me (4).

Solution to Puzzle No. 4,596



ENTERTAINMENT GUIDE

OPERA & BALLET

THEATRES

THEATRES

THEATRES

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

INTERNATIONAL & BRITISH EDITORIAL & ADVERTISEMENT OFFICES

THE ARTS

Leonard Burt

"Much Ado About Nothing" returns to the Open Air Theatre in Regent's Park with a new director, Ian Talbot, but substantially unchanged from last year's production. A first world war setting, with fine attention to detail, proves neutral enough for a spirited if unbalanced rendering. Kate O'Mara's somewhat soulless Beatrice is less than a match for Gary Raymond's solid but finely tuned Benedict. Men outshine women throughout. Even Claudio, a difficult part, has a sensitive interpreter in Christopher Baines. The one exception is Bill Buffery's Don John whose painted scar is a poor substitute for the force of evil, without which the whole cast, including Dogberry's crew, must suffer. ROSALIND CARNE. Pictured are Janet Spencer-Turner (Hero), Muriel Barker (Ursula) and Kate O'Mara (Beatrice).

Wigmore Hall

Elizabeth Harwood

by MAX LOPPERT

In the uniquely sympathetic ambience of the Wigmore Hall, Miss Harwood's soprano seemed a somewhat fuller, surer instrument than it has in my recent experience of it. Her recital on Tuesday awoke more than one memory of the golden period when hers was this country's most enchanting soprano voice. The top of the voice still retains something of its wonted glow, and in the items of a carefully chosen programme in which it could be most freely released—Strauss's "Schlagende Herzen," Delius's setting of "It was a lover and his lass," Musetta's song as an encore—a charmed note briefly settled on the music.

Most of the songs had also, it is true, phrases—especially those phrases calling for weight and spin in the middle range—where the tone thinned out or trailed away, where support was unreliable and pitch passingly inexact. The intimations of vocal "management" that now inform so much of Miss Harwood's singing also conferred a slight but persistent suggestion of artifice upon her performance, of style having to do duty for content. "As when the dove" (Miss Harwood's way of reminding us of her radiant Handelian Galatea), at the start of the evening, was hooped, bowed, and ringleted, not warm, clear, and sensuous.

In a Mozart group, "Voi che sapete" had a similar effect; but then, with Donna Elvira's "Mi tradì" (another memento of Miss Harwood's operatic career), the attack took on a refreshing directness, even a new freedom.

The Poet's Echo, the bleakly beautiful Pushkin song cycle that Britten wrote for Galina Vishnevskaya, formed the most substantial section of the programme. Its centrepoint is "The Nightingale and the Rose": in it, Shostakovich, Chaikovsky, and even, faintly, Glinka seem to join hands with Britten in one of the most striking of all his later lyrical inventions, a secretive, quirkly evocative romance described by each one of its vocal curves. Miss Harwood sang the Pears English translations—and disclosed in them a surprising quantity of dark dramatic intention, given the sometimes fragile character of her vocalisation. The pianist, Geoffrey Parsons, made rather too little of the repeated notes that pinprick through the final song, "Lines written during a sleepless night": in general, this seemd to be one of Mr Parsons' merely well-groomed recital contributions, rather than one of those occasions when his playing catches fire.

Record Review

Wagner and Berg

by DAVID MURRAY

Wagner: Parsifal. Peter Hofmann, Dunja Vejzovic, Kurt Moll, José van Dam, Siegmund Nimsgern, Victor von Halem, Karajan/Berlin Philharmonic and Chorus of the Deutsche Oper Berlin. Deutsche Grammophon 2741 002 (five records).

Alban Berg: Wozzeck. Eberhard Waechter, Anja Silja, Heinz Zednik, Alexander Malta, Hermann Winkler, Horst Laubenthal, Alfred Sramek, Franz Waechter, Gertrude Jahn, Walter Wendig, Christoph von Dohnányi/Vienna Philharmonic and Chorus of the Vienna State Opera. Decca D231 D2 (two records).

Both operas have been recorded by the digital process. The considerable difference between the results is proof that technology has not supplanted practical imagination and sensitive ears. Karajan and his engineers have produced a *Parsifal* with vistas of breath-taking depth, miraculously detailed and subtly distanced. The Decca *Wozzeck* is generally round and vivid—but Berg's much more intricate demands get no new solutions. No major opera makes such play with varied soundscapes (on- and off-stage bands, radical shifts of perspective between bleak wastes, middle-distance conviviality and microscopic intimacy), but for the most part they are simply not realised here. We remain studio-bound, hearing a creditable concert performance.

The Karajan phenomenon often inspires critical mistrust; it must be said at once that his *Parsifal* is anything but a one-man super-spectacle. It fields a superb cast of singers, with whom Karajan is if anything too generous. José van Dam, his Amfortas, is a baritone of seemingly unlimited power, which he is allowed to display—always with sharp intelligence—over broad-stretched tempi in his anguished monologues: the vulnerability of the character has to be taken on trust, and indeed the desperate outbursts become something like measured oratorio arias. Comparably treated, Kurt Moll's magnificent Gurnemanz hardly seems a servant of the action, but rather a God-like narrator. No doubt Gurnemanz is a sort of Evangelist figure, but those of us who hold that *Parsifal* is first and last an opera do not want the parallel so unambiguously drawn.

Direct dramatic involvement is kept up by the Parsifal and Kundry, Peter Hofmann and Dunja Vejzovic. Hofmann has done nothing better; not only has he recovered fully from the vocal difficulties that marred his recorded *Fidelio* with Solti, but this recording permits his *mezza voce* singing to tell expressively, full of committed detail that scarcely carried across the footlights at Covent Garden last year. Perhaps his youthful earnestness still doesn't answer fully to the mature Parsifal of Act 3; while the performance goes on, one doesn't notice. And Miss Vejzovic (about whom I know nothing) is an exciting discovery, ready to fling herself passionately into the darker stretches of her role but able also to adorn the grand lyrical passages with sheerly beautiful tone (again, in Act 3 we are encouraged to admire her timbre at too-indulgent leisure). The sound of Siegmund Nimsgern's magician Klingsor is anything but emasculate; granted the healthy defect, his is another sterling performance.

As often before, the Berlin Philharmonic offers marvels of finesse, unanimous delicacy and smooth power at Karajan's bidding. The chorus is of a somewhat lesser calibre (a tendency to drop in pitch can be detected), but the solo knights, squires and flower maidens are a distinguished young crew, and the aural interplay of solos and ensembles in Klingsor's garden is entrancing. Both the apparitions of the Grail are hypnotically staged for the ear; the new precision of the sound reproduction makes possible a quite hallucinatory range of distance and focus.

And are there no plain Karajan excesses? Well, *someone* has certainly allowed the monstrous temple bells to swamp the funeral-interlude of Act 3: one hears one of Wagner's strongest orchestral constructions struggling to surmount the sonorous waves. Twice at least, a slightly shocking string portamento is added to the score, and there is a Karajan penchant for making everything so interestingly aggressive that the essential peaks must compete for attention *against* the richly coloured foothills. There have been great performances which thrust home more decisively, making a willing sacrifice of luminous expansion to dramatic urgency (here, even fierce brass interjections have a ripe aural patina). But Karajan knows the score immensely well: the performance retains conviction even where it is most sumptuously drawn out; altogether, this *Parsifal* is a stunning production.

It is hard to guess whether the relative flatness of Dohnányi's *Wozzeck* is the effect of unimaginative recording—though many opportunities are plainly just overlooked—or of the prevailing imprecision of the actual performance. It is a performance which would make a substantial impact in the opera house, and for a variety of particular virtues it is worth preserving. Some listeners may find it more persuasive than the existing *Wozzeck* recordings, and there is a great deal of instrumental detail—some of it important—that I have not heard transmitted so clearly before. Much also is lost, however: sometimes through doubtful balance (which in any case never captures the acoustic proportions of a staged performance), sometimes through sadly approximate orchestral ensemble (to the point where one suspects under-rehearsal). The Vienna strings are clear plus, the Vienna trombones a decided minus.

Eberhard Waechter and Anja Silja are lustily sympathetic as Wozzeck and his Marie, but they are astonishingly cavalier with Berg's notes. Line after line is rhythmically exact, but bears only faint resemblance to the prescribed melodic shape (or pitch-pattern, if you prefer). It is a besetting sin of Dohnányi's cast; the least offending singer is Zednik as the First Apprentice, singing with much poise but rudimentary theatrical sense. Contrariwise Zednik's Captain, almost as inaccurate as the principals so often are, cuts an eccentrically bright figure to excellent effect. By and large, the most gratefully romantic passages receive the most scrupulous treatment, with scruples audibly failing where the music is more aggressively dissonant. That is lazy; from a modern recording under an admired conductor—Dohnányi's incomplete *Lulu* is justly esteemed—one expected more.

Rozhdestvensky's BBC contract extended

Russian conductor Gennadi Rozhdestvensky's connection with the BBC Symphony Orchestra is being extended for another year. His contract as the orchestra's chief conductor was due to expire in September. But the Soviet Ministry of Culture has agreed to a 12-month extension.

Rozhdestvensky will conduct 20 concerts between October 1981 and September next year, including several Proms—he opens this year's Promenade season on July 17.

Next spring he will join the orchestra's chief conductor elect, John Pritchard, on a tour of Australia and Hong Kong.

Melvyn Bragg to chair TV symposium at Ilkley Festival

In the Symposium on Writing for Television which is being organised by Yorkshire Television for the Ilkley Literature Festival next month. Two names have been added to the members of the panel: Melvyn Bragg, who will chair the symposium, and Colin Welland, who will be joining the already announced Brian Glover and Alan Plater.

A Victorian romance

The Victoria and Albert Museum has just acquired a six fold screen by the Victorian artist Sir Lawrence Alma Tadema, famous for his classical scenes. The screen, part of the last panel of which is shown here, has a romantic history. It depicts Alma Tadema's love for Laura Epps who is depicted third from left with the bearded Alma Tadema admiring her. Alma Tadema fell in love with Laura Epps at a dance given by Ford Maddox Brown in 1869 and to pursue his suit offered to teach her to paint. He created the screen, which shows members of the Epps family, while living with them and giving Laura lessons. Eventually she became an eminent painter of flowers and it is believed that the flowers on the right are her first work.

On another panel Laura's brother-in-law Rowland Hill is depicted peering around a door. Originally he was painted in the foreground but he was involved in a Stock Exchange scandal and had to flee the country: hence his demotion.

A.T.

Boardroom view of the arts

by ANTONY THORNCROFT

Cob Stenham sits on the board of Unilever; he also spends a great deal of his time sorting out arts organisations. In the U.S. one recognised and successful way in which business helps the arts is by loaning their skilled executives. A marketing expert advises a ballet group on promoting its activities; an accountant sorts out the financial problems of a community arts project. In the UK business is more passive—it increasingly gives sponsorship money but is reluctant to assist with knowledge. Cob Stenham is an exception.

He is coping with one success and one failure. Four years ago he became chairman of the Institute of Contemporary Arts, that champion of the avante garde incongruously housed in The Mall. He quickly changed the entire staff, bar the doorman; almost doubled ICA box office revenue, to 6 per cent of income; succeeded in raising Arts Council aid fourfold; brought in industrial sponsors, and persuaded two new organisations, the Greater London Council and the British Film Institute, to support the ICA financially. The look of the place had been transformed, and its reputation enhanced, without any slackening in its committment to the adventurous in contemporary arts.

On the other hand Stenham, with five other council members, has just resigned as chairman of the Royal College of Art. His attempts to shift the country's most established post-graduate art school towards closer links with industry, with the aim of improving the quality of British industrial design, failed, in his view, with the appointment of a new rector, Lionel March. At the ICA Stenham's first move was to bring in a tough new administrator in Bill McAlister; a similar ambition was frustrated at the RCA; hence the resignations. As Stenham says: "We had responsibility but no power."

It is pertinent that the council members to leave with him were the businessmen, including Terence Conran and Michael Grade. And while the group may have lost the battle for their choice of administrator as rector they have allies in defeat in the Department of Education and Science which has criticised the RCA in two successive visits for not integrating its departments so that those with an industrial bias are brought into greater contact with the fine artists and for not improving its links with industry. To spur on such developments the DES has cut the College's grant.

The impasse at the RCA does highlight one of the problems of businessmen helping out the arts. The businessmen think they know how to run things; they get frustrated when their advice which is acted on promptly in their professional life, is ignored by what they consider to be out of touch academics. And an institution like the RCA, the Oxbridge of fine art, is even more likely to resent opinions from outsiders. Stenham views the RCA more in sorrow than in anger. He believes it has great potential but only if it broadens out, perhaps devoting a third of its activity to fine art; a third to crafts; and a third to industrial work. At the moment, like most colleges of art, a majority of the students come out with a bias towards fine art, little knowledge of the needs of industry, and poor job prospects. Only in the fashion department at the RCA is there a tradition of moving on to a business career.

Stenham's advice was that the RCA should concentrate on its strengths, dropping some departments to build up an international reputation, based on research, in others with obvious practical applications. In this way it might attract money from industry and safeguard its financial future. The RCA has coasted on a reputation and is finding the suggestions of outsiders hard to take. Stenham who admits—"I like sorting out things that are in trouble and enabling things to take off"—has made his gesture at the RCA. Perhaps his resignation, and those of the commercial men, together with the warning shots from the DES, will enable the new rector the more easily to force changes on this respected British institution.

Stenham has not lost his relish for the arts. He is perhaps more typical of a British tradition, the interested amateur as patron and activist, rather than the way American business supports the arts. This is often done for social reasons, bringing some sparkle into deprived neighbourhoods. Exxon, for example, with other companies, has set up a theatre in Harlem which is the home of various arts groups, such as the New York Gilbert and Sullivan company.

The Arts and Business Council in New York adds members in twos—each new corporate member joining along with an arts organisation. More than 70 companies now have a local arts group that it supports, mainly through cash and contacts but also with advice. There are over 250 business specialists in finance, corporate relations and marketing, in particular, who spend time helping their adopted arts groups. Their enthusiasm rubs off on their fellow executives, linking the arts and mammon through many levels.

So far, in the UK, companies have trod the establishment path through the Association for Business Sponsorship of the Arts which makes contacts at the sponsorship level. Perhaps the committee set up by Mr Norman St John-Stevas last year to suggest ways of encouraging industrial aid, and which has been rather silent to date, might pursue the idea of bringing in businessmen rather than companies just handing over cash. For, in the long run, arts organisations can only survive if they are well managed: a little support at the organisational level is worth a hundred last minute appeals for cash—or else we close.

Festival Hall/Radio 3

Ozawa, Pogorelich

This exhilarating concert, in the Philharmonia's du Maurier series, was conducted by Seiji Ozawa. Its centrepiece, Prokofiev's third piano concerto, was originally to have been played by Martha Argerich: but she was indisposed, and her place was taken by Ivo Pogorelich (the 21-year-old Warsaw Competition prize-loser from Yugoslavia whose remarkable London debut I reviewed here a fortnight ago). There was a nice dramatic irony in the substitution — for it was Argerich herself who led the storm of protest in Warsaw against Pogorelich's exclusion from the competition's final round by resigning from the jury.

And it was, as Argerich's would surely also have been, a sensational performance: as unpredictable as it was commanding, sparkling with invention and energy, fraught with danger, but every hurdle triumphantly overcome. The first movement's hair-raising tempo threatened all kinds of disaster: but in every measure, as accelerando followed accelerando, soloist and orchestra held unswervingly together. There was a wealth of delicate, pungent exchange; from Pogorelich much fine and aristocratic phrasing; and from the Philharmonia strings especially much quick, precise attack. As accompanist, Ozawa was a joy to watch, following attentively but never laggardly, quick as a flash to spot, and correct, the minutest potential divergence (as often *before* the event), his left hand virtuoso counterpoint of cueing and cross-cueing, unerringly on target.

Ozawa framed his programme with Chaikovsky, beginning with a showy and brilliantly effective account of the *Romeo and Juliet* overture, gripped by an electrifying sequence of tempo gear-changes—the metaphor is intentional, for the basic pulse was inexorable throughout, only shifting as it were from mesh to mesh—and ended with the sixth symphony. Both were notable, Ozawa-style, for their very forward brass—invigorating to hear such meticulous attention for once to dynamic detail and phrasing (and even to such mundane matters as note-values) in a section too many conductors, especially in Chaikovsky, leave to its own devices. Only once or twice the brass gained the upper hand unfairly, swamping the strings in their blaze: but that was small price to pay for the delight of hearing, from every Philharmonia section, such splendid unanimity and finish. All paths led, as they should, to the adagio finale (a momentum halted only by the usual dumb outburst of applause after the third movement): in Ozawa's hands wonderfully, massively lamenting, cut with huge shafts of darkness.

DOMINIC GILL

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1976=100), retail sales value (1976=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unem-ployed	Vacs.
1980							
1st qtr.	110.0	100.1	100	110.2	158.6	1,379	193
2nd qtr.	106.6	96.8	98	109.2	164.3	1,498	159
3rd qtr.	102.9	93.2	84	108.9	170.3	1,699	120
4th qtr.	100.4	89.2	79	109.0	205.2	2,020	98
Oct	100.9	90.3	76	109.7	179.1	1,893	100
Nov	100.7	89.4	83	109.2	192.8	2,030	96
Dec	99.7	87.8	79	108.4	236.0	2,137	99
1981							
1st qtr.	98.7	87.3		112.7	174.4	2,304	100
Jan	98.3	87.2	88	114.0	177.6	2,228	104
Feb	99.1	87.9	91	112.9	170.1	2,304	98
March	98.7	86.9		111.5	175.4	2,381	97
April				111.4	181.6	2,452	94
May				111.0		2,515	92

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1980							
1st qtr.	104.5	101.0	123.5	98.9	56.4	92.2	13.3
2nd qtr.	98.1	96.2	123.2	93.1	93.9	85.6	15.2
3rd qtr.	97.0	95.0	117.1	91.2	78.1	82.5	12.5
4th qtr.	93.7	90.1	116.9	85.3	70.3	77.0	10.1
Oct	95.0	92.0	116.0	87.0	67.0	77.0	11.9
Nov	94.0	90.0	118.0	85.0	74.0	79.0	11.2
Dec	93.0	88.0	117.0	83.0	70.0	76.0	7.1
1981							
1st qtr.	93.2	84.4	117.2	80.8	75.4	77.4	10.6
Feb	94.0	84.0	118.0	81.0	78.0	78.0	11.0
March	93.0	83.0	118.0	80.0	79.0	77.0	10.7
April							12.7

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1980							
1st qtr.	133.0	126.9	−388	+ 54	− 95	101.0	24.87
2nd qtr.	126.2	126.2	−320	− 88	− 11	103.4	28.15
3rd qtr.	125.1	118.7	+616	+870	−157	105.5	28.08
4th qtr.	126.5	111.8	+1,269	+1,885	+222	105.6	27.90
Sept	121.9	114.8	+344	+429	+ 39	105.3	27.64
Oct	124.5	106.3	+506	+711	+133	105.3	28.03
Nov	129.4	114.6	+410	+615	+ 54	105.6	28.19
Dec	125.7	114.5	+353	+559	+ 35	105.1	27.48
1981							
1st qtr.							28.34
Jan	123.9	101.3	+742	+1,042	+210	106.4	28.39
Feb	121.7	114.3	+314	+614	+231	105.1	28.43
March							28.21
April							28.07
May							26.49

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1980							
1st qtr.	− 4.0	7.2	21.9	+1,725	634	2,049	17
2nd qtr.	− 1.5	10.7	23.3	+3,472	697	1,964	17
3rd qtr.	11.8	36.1	45.2	+6,325	1,090	1,933	16
4th qtr.	8.8	20.0	11.2	+3,207	1,253	1,793	14
Oct	4.3	21.4	19.3	+1,338	520	629	16
Nov	6.7	18.6	7.7	+ 964	285	559	14
Dec	15.6	20.0	7.0	+ 905	448	605	14
1981							
1st qtr.	7.0	9.5	12.4	+1,596	1,081	1,884	12
Jan	5.9	11.9	10.1	+ 420	446	620	14
Feb	13.7	8.6	12.9	+ 201	366	638	14
March	16.4	8.1	14.3	+ 975	269	626	12
April	25.5	13.9	3.9	+1,864	296	657	12
May					436		12

INFLATION—Indices of earnings (Jan 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (1975=100).

	Earn-ings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1980							
1st qtr.	167.7	197.2	191.4	248.8	247.5	284.47	93.0
2nd qtr.	178.9	201.3	199.0	263.2	255.9	267.45	94.5
3rd qtr.	188.4	201.9	203.6	268.9	259.3	275.13	96.7
4th qtr.	193.3	203.3	206.1	273.9	260.7	269.25	100.2
Oct	189.9	201.4	205.3	271.9	259.3	274.65	99.2
Nov	192.6	203.4	206.2	274.1	260.0	270.56	101.1
Dec	197.3	205.1	206.7	275.6	262.7	262.53	100.2
1981							
1st qtr.	195.3	213.8	212.2	280.4	268.7	257.79	101.2
Jan	193.3	209.7	209.9	277.3	266.7	251.88	102.0
Feb	194.8	214.0	212.0	279.8	268.9	259.93	102.5
March	197.8	217.8	214.7	284.0	270.6	261.56	99.7
April	199.5	221.2	217.8	292.2	274.2	258.61	99.3
May		226.0	219.0			255.14	98.8

* Not seasonally adjusted

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Iran's third revolution

IRANIAN President Abolhassan Bani-Sadr is unlikely to be able to cling to office for long. Even if Ayatollah Khomeini intervenes to save him from the consequences of the impeachment procedings soon starting in parliament the President will be reduced to a purely ceremonial role. This has always been the aim of his fundamentalist enemies. With control of the Cabinet, parliament and most of the revolutionary government institutions, the clergy leading the Islamic Republican Party are now close to turning Iran into a one party state. Whether they can eliminate opposition to their rule rather than merely drive it underground remains an open question.

Mr Bani-Sadr's problem since he was elected early last year has been his inability to turn his general, if diffuse, popularity into an organised movement. Though he is billed as a moderate in the western press, his policies have always been vague and imprecise. His early efforts to secure the release of the American hostages soon after he was elected go nowhere and did him political damage in Tehran. He failed to get the prime minister he wanted.

Crucial error

As commander-in-chief of the armed forces the President's power was increased by the outbreak of the war with Iraq. Much of his time was spent at the battlefront. Unfortunately for Mr Bani-Sadr the inability of the Iranian army to launch a successful counter-offensive diminished his military prestige. His attempt earlier this year to agree a truce with Iraq came to nothing and compounded the damage.

His crucial error, however, was to fall out with the Ayatollah Khomeini. The leader of the revolution, enjoying quasi-divine status in/Iran, has always supported the fundamentalist clergy but he has also restrained them in their attacks on the President. The fundamentalists, for their part, need to secure all the levers of political power before Ayatollah Khomeini dies. The fall of Mr Bani-Sadr will leave the opposition to their rule without any real focus.

As the clergy closed in for the kill over the last month the President made a number of tactical errors. Following the dismissal of a close political ally as governor of the Central Bank and the closure of his newspaper Mr Bani-Sadr has threatened "resistance" without ever specifying the form such opposition should take. Such vagueness is in keeping with his character but it is hardly surprising that his speeches have been portrayed by his enemies as an attempt to launch a coup d'etat. Inevitably he was dismissed as commander-in-chief.

Demonstrations

So far the repercussions in the streets of Tehran to the fall of the President have been limited. Demonstrations in support of his cause have been small and easily broken up. The army, already heavily purged, is unlikely to do anything in support of their former leader. Opposition to the rule of the clergy, which will probably not attain any success until Ayatollah Khomeini dies, is likely to move underground.

In the immediate future the fall of Mr Bani-Sadr may increase the chances of a peace agreement with Iraq. While power was divided the fundamentalist clergy of the Islamic Republican Party needed to show they were more militant than the President.

They pursued a similar strategy over the American hostages last year. Initially this issue was used to destroy moderate politicians. But once the clergy had obtained control of the Cabinet and had a Prime Minister of their choice, they rapidly reduced their demands.

In the wake of the Israeli raid on Baghdad the Iraqis are more eager than ever to talk peace and will be receptive to any conciliatory signs from Tehran.

Repression

The fundamentalist clergy have spoken of the overthrow of President Bani-Sadr as Iran's third revolution, the others being the overthrow of the Shah and the taking of the American hostages. In relying on ever increasing repression to secure their power they should be careful not to lay the seeds of a fourth revolution against themselves.

Discordant note from Delhi

BURYING the hatchet can be harder than digging it up. Both the West and China have an interest in the rapprochement that looks possible between India and Pakistan. Mr Huang Hua, the Chinese foreign minister, is expected in Delhi on June 26 to further the process, as well as trying to improve China's own relations with the Indians. He, like the West, would like a stronger barrier between Soviet forces, at present mired down in Afghanistan, and the Arabian Sea.

Intention

After a promising start at the recent meeting between the Indian and Pakistani foreign ministers, discordant noises are now coming from Delhi. The Indian Government has taken exception to the intention of the U.S. administration—which still requires approval from Congress—to supply Pakistan with $3bn worth of arms, including 15 F-16 fighters.

An arms build up is potentially dangerous always, but the Indian case is not entirely convincing. The two foreign ministers did agree that both countries were entitled to arm for self-defence. But precisely where does one draw the line between offensive and defensive weapons? The F-16 can be used for attack—as shown by the Israeli strike against the reactors in Baghdad. But it can also be used as an interceptor, in other words for defence.

The Indian Government is not unanimous in wanting a rapprochement with Pakistan. Some military advisers have taken a distinctly hawkish line towards their unloved neighbour. Mistrust sown by three armed conflicts lives on. It is aggravated by fears of each other's nuclear potential. India has already exploded a device, which it says is for peaceful purposes only: Pakistan is working on nuclear technology, and also protests that the intention is not bellicose. Against that background it is easy to understand why the realisation is slow to gain ground that better relations could be mutually beneficial, especially in the light of the invasion of Afghanistan.

It is Pakistan rather than India which has felt the effects of that invasion directly. About 1m or more refugees have fled to Pakistan. Pakistan faces the possibility of Soviet air strikes against guerrillas operating from its territory. Better relations with Delhi would permit Islamabad to shift military forces from its Indian border to the threatened region.

There is little doubt that many diplomats in Delhi share with their counterparts in Islamabad the feeling that the Soviet Union has moved too close for comfort. They have begun to accept the argument that a threat to Pakistan is a threat to the whole sub-continent.

Diplomats in Delhi are also conscious that India's carefully fostered standing in the non-aligned movement has been seriously undermined by its reluctance to criticise Moscow openly. Rapprochement with Pakistan would be a clear signal of disapproval directed at the Kremlin and would silence many of India's critics in the non-aligned countries.

There would also be important practical gains: India and Pakistan are natural trading partners. Persistent hostility over 30 years has retarded the growth of what could be a mutually valuable trading relationship.

Climate

It is impossible to ignore the Chinese hand in the game. Peking seems keen to mend fences with India and has openly advised Pakistan to do the same. It probably feels that the Soviet invasion of Afghanistan offers a good opportunity to woo India from Moscow. It has a deep fear of encirclement along its southern borders by countries sympathetic to the Soviet Union and it has been worried by the increasing economic and military links between Moscow and Delhi.

The West should encourage an improvement of relations between the traditional enemies on the Indian sub-continent, especially if Delhi distances itself from Moscow. There may be little that can be done to get the Russians out of Afghanistan, but a better climate between Islamabad and Delhi must make further Soviet encroachments less likely.

Unhappily the task is arduous. Mutual suspicions verging on the psychotic will take years to overcome. But at least a start has been made.

BRITISH PETROLEUM

The North Sea backfires

By Barry Riley

STRINGENT times have arrived at British Petroleum with notable suddenness. Less than a year ago the giant oil group was splashing out more than £400m on a diversification move, the acquisition of the mining group Selection Trust. Now the emphasis is on cutbacks, especially in BP's vulnerable downstream oil refining and marketing operations in Europe.

When BP bought Selection Trust it did not even appear to care very much whether it paid in shares or in cash. But the fact that most Selection Trust shareholders took the cash, for a total outlay of £263m, is something that the oil giant may now be regretting.

For BP is now plagued by rumours of an imminent major fundraising exercise designed to offset the threat of a marked deterioration in its balance sheet over the next year or two. Not only has the recession exposed BP's known downstream weaknesses, but major imbalances have developed in the group's structure.

In the UK, it has been seriously hit by tax problems arising from the "ring fence" erected around its highly profitable but highly taxed, North Sea oil production interests. At the international level, meantime, its immensely valuable 53 per cent stake in the U.S. company Standard Oil of Ohio is of little help in offsetting the cash drain on the rest of the group.

Sohio is generating huge cash flows from its Prudhoe Bay field in Alaska, but only comparatively small dividends are available to the parent company. Much of the $2bn-plus in cash and marketable securities accumulated by Sohio has recently been spent on its own minerals diversification, including the $1.77bn cash takeover of the U.S. copper producer Kennecott, and the $0.7bn purchase of coal properties.

Traditionally BP has been very strong at the production or upstream end of the oil business. At one time this meant Iran and Nigeria, more recently the North Sea and Alaska. And although BP has for some years been criticised for the fact that the vast bulk of its profits have come out of two pipelines—one deep under the North Sea from the Forties Field, the other snaking over the mountains and frozen tundra of Alaska—it has been hard to argue with the sheer volume of profits at a time of rapidly rising crude oil prices.

Between 1977 and 1979 group net income jumped from £358m to £1.621bn, and eased only to £1.435bn in 1980. Against this background BP was rich enough to maintain, and even expand, downstream operations which were widely believed to be making serious losses.

The group has never, until this year, officially disclosed the breakdown of its profits between upstream and downstream activities, but it did announce an operating loss of £108m in 1980 for its chemicals division alone (with a further deficit of £32m in the first quarter of 1981).

Many other chemical groups have been making losses in the exceptionally difficult trading conditions of the past year or so, but BP's losses are worse than most. It would appear that the group has not satisfactorily been able to absorb its past acquisitions, such as the chemical plants in Europe which it bought from Union Carbide and Monsanto several years ago.

This relative failure of past expansion moves outside oil casts a shadow over the prospects for Selection Trust, which was bought for around 80 per cent more than the previous stock market price. The argument was that it would enable BP to expand in minerals much faster than could have been achieved through BP's own modest existing minerals exploration arm. But BP's minerals operations showed a small loss for 1980, and, with metal prices adversely affected by the world recession, this is very much of a longer term venture.

The pressures threatened to build up sharply during 1980, but the Iran-Iraq war postponed the worst of the problems by causing a sharp rise in the price of crude oil, generating stock profits—although this did little to improve BP's cash position.

Already during 1980 the group accounts showed that capital spending of £2.17bn was roughly £200m more than net cash flow, and although the gap was more than accounted for by the amount spent on Selection Trust, it was also true that the position of the parent company was much less healthy because Sohio's cash was not directly available.

Meanwhile the tax take both in the North Sea and Alaska was building up rapidly, and in the case of the Forties Fields the problem has come to something of a head in the past few months. At the end of February BP handed over £854m as its half-yearly instalment of petroleum revenue tax, but the rising price of North Sea oil was starting to rebound on its downstream interests.

Between January 1 and Monday this week, the official price of Forties crude set by the British National Oil Corporation was $39.25 a barrel. This was the price at which BP has had to buy back 51 per cent of the oil—the subject of state participation arrangements—in order to sell it on commercial markets, or to use it within its own operations. In view of the tax rules, BP was also forced to sell its own oil to group affiliates at this top price.

The high price has generated extra profits on Forties production, which is, however, liable to taxes which can reach a marginal rate of 91 per cent. And the increasing glut of oil on the market has meant that in the early months of the year it has been suffering losses of something like $4 a barrel on the bought back oil.

This has embroiled BP in a tax tangle, because it cannot seek to relieve these losses against the profits generated within the "ring fence" which have been swollen because of the artificially high tax reference price.

BP has shown its anger at this situation by cutting output from the prolific Forties Field. For reasons of field mangement it wanted anyway to ease production from the 500,000 barrels a day of the first quarter to 485,000 b/d. In fact the second quarter level has been set at only 430,000 b/d which will have a significant impact on the Treasury's North Sea revenues.

This week, under intense pressure from BP and other oil companies operating in the North Sea, BNOC has agreed to drop the reference price to $35. However, BP argues that the market price for Forties crude has softened still further to around $32, so the underlying problem has not been fully solved.

This North Sea exposure explains why BP last week led the way in an attempt to force up UK petrol prices, by between 6p and 10p a gallon. But although many companies have followed suit, there is still no guarantee that the price rises will stick, given the degree of overcapacity which persists.

BP's first quarter net income fell from £505m to £395m, but the figure was buoyed up by exceptional stock profits arising from the crude oil price rises at the turn of the year, since when conditions have changed for the worse. Most City oil analysts are projecting a sharper fall in the group's net income for the full year.

For instance, one of BP's own brokers Hoare Govett are suggesting a 40 per cent drop to net income of around £850m for 1981. This is far from being an official forecast, because company brokers are not privy to internal projections. Other analysts are warning of a much sharper fall still.

Even the Hoare Govett projection would mean halved net income in the remaining three-quarters of the year. And because the net income of Sohio is expected to hold up, together with other North American income from Alaska and Canada, the implication is that profitability elsewhere will collapse.

In the face of a worsening climate in the oil sector, BP has been responding in a way unheard of during the years of plenty. In April the group began to talk of running down stocks of crude oil and products, a move that was calculated to generate some £400m during 1981.

At the same time, BP announced its intention to let go market shares in unprofitable areas. By the time of the first quarterly statement early this month, it reported that trade was being shed in areas where there was no prospect of making a positive contribution. "Urgent action is continuing to reduce the fixed cost burden and to increase the efficiency of operations," claimed the board.

But it is plainly more difficult for an apparently rich and successful company like BP to impose closures and redundancies upon its employees than it is for groups like ICI which have at times been making losses and have cut their dividends.

For instance, BP has recently still been running TV commercials boasting of its achievements as one of Britain's few great corporate success stories. This would hardly set the climate in which to begin wielding the axe.

In March BP introduced sweeping changes in its organisational structure designed to reflect the increased diversity of the group. But there would be no redundancies among its 113,000 worldwide staff, including 38,000 in the UK.

Now, however, the group is faced with the prospect of a permanent reduction in the output of many of its downstream operations. Some UK refineries have been operating at only 50 per cent of capacity, and already a number of chemical plants have been closed.

So it is in difficult circumstances that major changes are taking place among the top positions of BP's management. It was announced last month that Sir David Steel will retire at the age of 65 next November, to be replaced by Mr Peter Walters, aged 50.

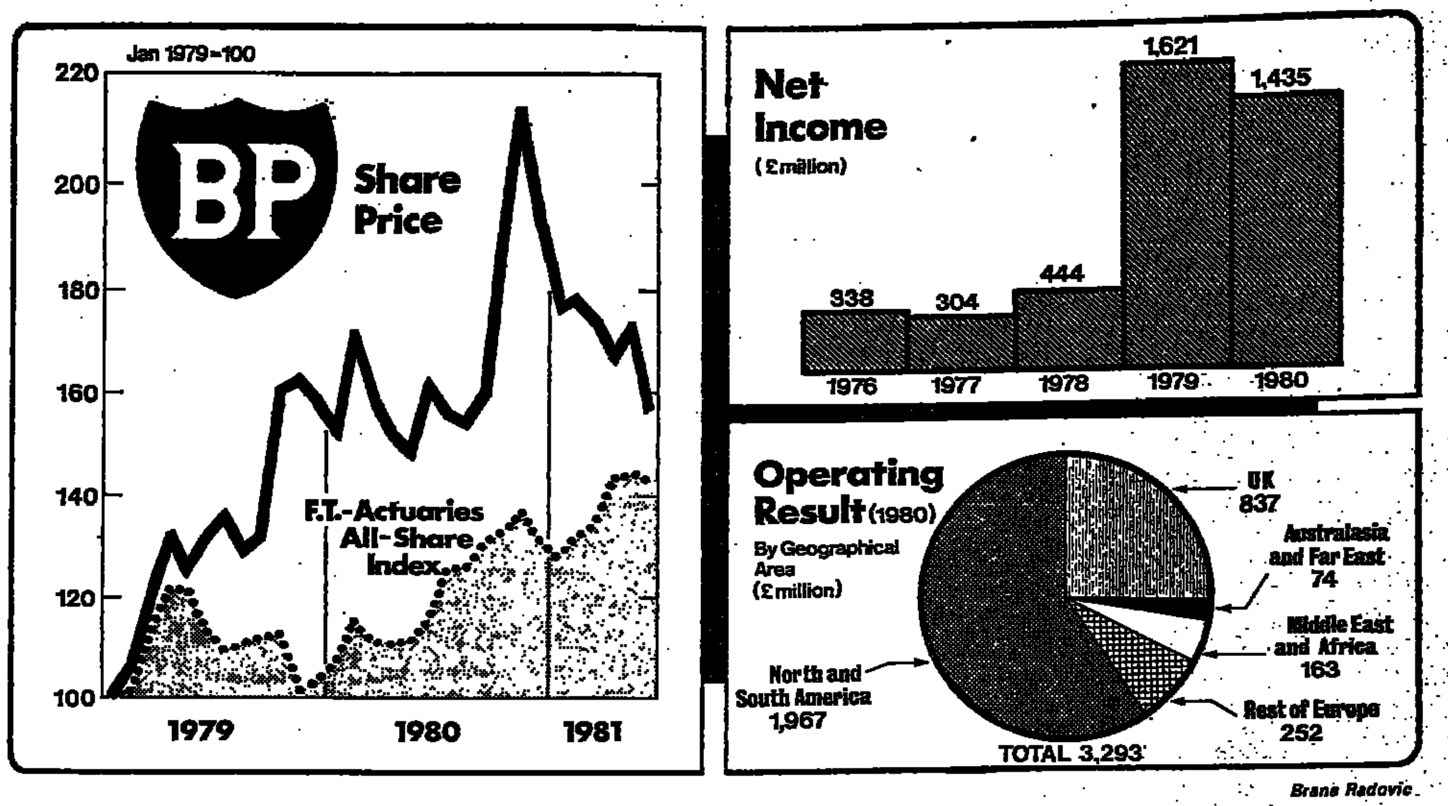
The senior deputy chairman, Mr Christopher Laidlaw, has left to become chairman of the troubled computer group ICL, recently aided by £200m of Government loan guarantees.

Mr Walters will inherit a corporate strategy aimed at a long-term diversification of BP's activities out of oil and gas. Sir David Steel has announced the group's target of expanding into other areas, such as minerals and nutrition, so as to leave oil and gas representing no more than half of assets within 10 years.

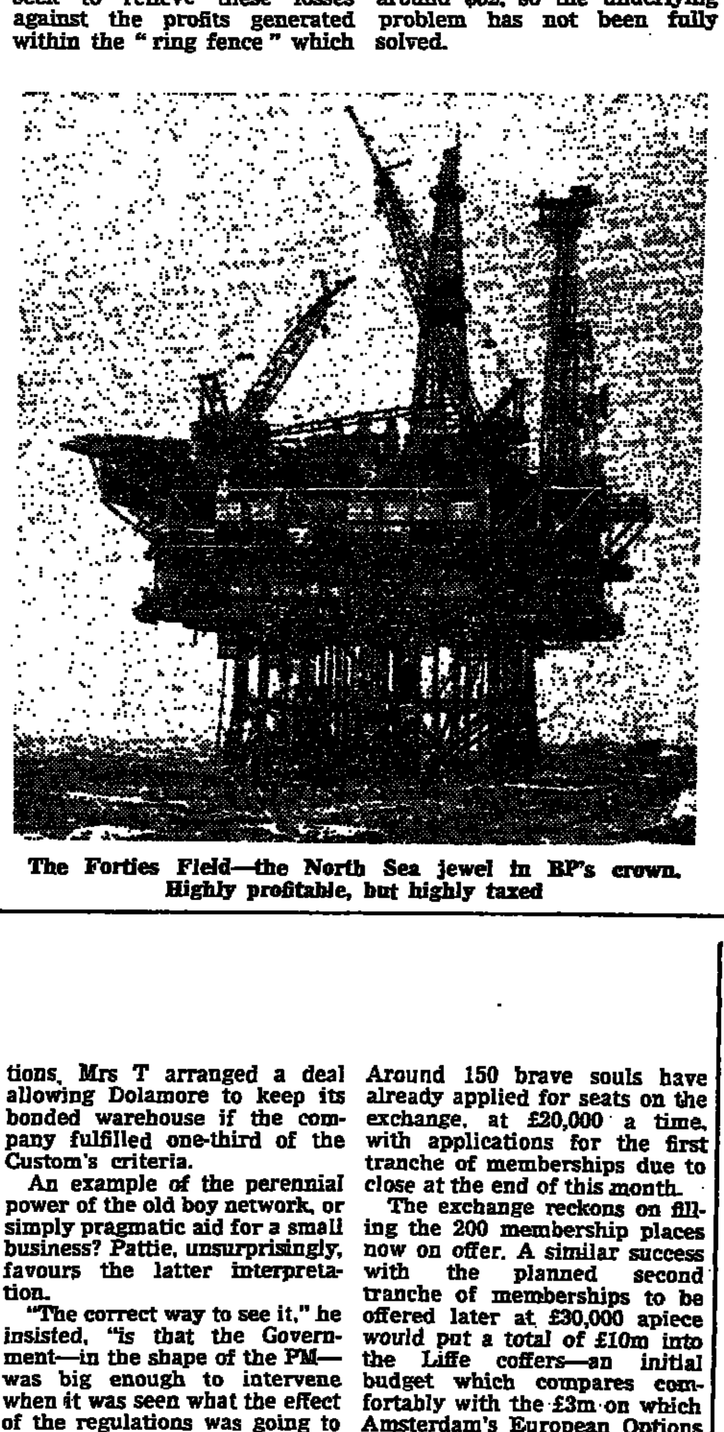
The more urgent priorities, however, concern the group's weaknesses in structure and downstream efficiency. It is against this background that the stock market has been buzzing for the past ten days or so with rumours of an imminent new issue.

Compared with a peak level of around 500p last year, the share price has been bumping along recently at 350p or so. Short-term prospects are distinctly unexciting, and the stock market would take a dim view of any issue aimed at paying for so far unprofitable acquisitions like Selection Trust.

Meantime, the UK tax environment is a reminder that politically safe crude may not always be entirely economically safe. BP has been energetically lobbying for a change in the tax structure, but the oil companies have had the ball thrown back in their court by the Government, which has suggested that they come up with an alternative which produces the same total revenue. BP's problem will be in persuading the other oil majors to shoulder some of the disproportionate burden which it bears under the present structure.



Brana Radovic



The Forties Field—the North Sea jewel in BP's crown. Highly profitable, but highly taxed

MEN AND MATTERS

Euro-kippers smoked out

The European Parliament—no stranger to petty scandal—is now being rocked by the Great Bedroom Farce. As many as 100 of the 434 MEPs are allegedly claiming their full £50 a day expenses for hotel and food while in fact sleeping free of charge in the sparkling new offices provided for them this year by Strasbourg's mayor, Pierre Pflimlin.

Piet Dankert, a campaigning Dutch socialist member, has complained of the alleged fraud to the parliament's governing quaestors, who have promised a report on the matter by September—the quaestors' wheels grind slow. It is said that the offending parliamentarians bring sleeping bags and coffee-makers with them on each trip to Strasbourg, thus transforming their spartan places of toil into cosy little bedrooms complete with lavatories and showers.

One lady member has justified her behaviour by claiming that it is unsafe for a woman to walk the streets of the city at night—a charge scarcely borne out by experience. The otohers are, quite literally, keeping their heads down.

But the nocturnal habits of parliamentary miscreants are not the only source of anxiety among MEPs this week. The CBS prime-time show "60 Minutes" recently put out a withering review of what it termed "The Boondoggle of all Boondoggles."

Case history

Wine merchants, are by the very nature of their trade, well connected. But Dolamore, favoured by the young bloods of Oxbridge and a recent winner of a Royal Warrant, seems better connected than most.

At a tasting given by the company in Belgravia's Halkin Street yesterday, Dolamore's chairman, Simon Bradley dispensed further evidence of his firm's influence among the rich and powerful.

Shortley after Bradley took over the company in October 1979, time and motion men at Customs and Excise introduced rigorous new regulations limiting bonded status to warehouses holding a minimum of 125,000 cases of drink or 85,000 cases with an annual throughput of 300,000. As Dolamore's Paddington Green stock amounted to a mere 26,000 cases, the company's coveted bond was under threat.

Enter (over lunch) long-time customer Geoffrey Pattie, a Junior Defence Minister and a former fellow officer of Bradley's in the Green Jackets.

Pattie at once offered to take the matter up with Treasury Junior Minister, Peter Rees. And when his appeal failed, he bravely approached the Prime Minister herself. After deliberations, Mrs T arranged a deal allowing Dolamore to keep its bonded warehouse if the company fulfilled one-third of the Custom's criteria.

An example of the perennial power of the old boy network, or simply pragmatic aid for a small business? Pattie, unsurprisingly, favours the latter interpretation.

"The correct way to see it," he insisted, "is that the Government—in the shape of the PM—was big enough to intervene when it was seen what the effect of the regulations was going to have on a small business with export potential."

The Green Jackets, he later added, were known in the army as the Black Mafia.

In the market

If you think that butterfly spreads are sold at Fortnum and Mason alongside the chocolate-covered bees, or that short hedges are pleasant things to have in the garden, then Michael Jenkins is the man to put you right.

Eighteen months after resigning as a joint managing director of the European Options Exchange, which he helped to set up, Jenkins has been appointed chief executive of the London International Financial Futures Exchange, which hopes to open its doors in spring.

Quite where those doors will be is uncertain. Finding a home for the market is the most important outstanding decision for its organisers. Three sites are now short-listed, with the prospect of sharing Billingsgate an an unlikely one. For the time being, Jenkins will set up shop in the Cannon Street offices of Moneybroker, Mercantile House, whose chairman, John Barkshire, also chairs the Liffe steering committee.

The spreads and hedges are all part of the exotic jargon used to describe the highly technical manoeuvrings which make for success in futures trading.

Around 150 brave souls have already applied for seats on the exchange, at £20,000 a time, with applications for the first tranche of memberships due to close at the end of this month.

The exchange reckons on filling the 200 membership places now on offer. A similar success with the planned second tranche of memberships to be offered later at £30,000 apiece would put a total of £10m into the Liffe coffers—an initial budget which compares comfortably with the £3m on which Amsterdam's European Options Exchange was opened.

Jenkins, whose background also includes five years with IBM and a spell as managing director of the information systems and settlements department of the London Stock Exchange, spent two years in Amsterdam. Originally charged with setting up the market's clearing mechanisms, he stayed on to help manage EOE for two years.

Sting in the tale

Seated between president Sir Ray Pennock and director-general Sir Terence "Bare-knuckles" Beckett at Tuesday night's CBI dinner, the Prime Minister was in waspish form. Early in his speech, Pennock recounted how, when Mrs Thatcher was interviewed for a job at his old firm ICI, the interviewer scribbled down an assessment which the aspirant young chemist managed to glimpse. "This young woman has a strong personality," read the note, "I doubt whether she will fit here."

Yes, said Mrs Thatcher, the story was true, and she herself had told it to the ICI Board. But, she teased Pennock, had things gone differently, she herself might have been sitting in his seat as the first woman president of CBI.

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ECONOMIC VIEWPOINT

Public spending: a confusion of issues

IT IS too often assumed that everybody who is in favour of the Government's medium term anti-inflationary strategy must be in favour of fresh public spending cuts and vice versa. Arguments about Mrs Thatcher's success or lack of it, very often get at cross purposes because one person is talking about the anti-inflationary policy and the other about the failure to cut public spending. Speculation about yesterday's economic Cabinet meeting has been bedevilled by a confusion of the two issues.

An anti-inflationary financial strategy involves control over the *total* level of spending in the economy. The key to achieving it is control over the money supply and the public sector borrowing requirement (PSBR). But a given PSBR target can be struck at very different levels of expenditure with low public spending and low taxes, high spending and high taxes or medium levels of both.

The issue has been confused because most—although by no means all—supporters of an anti-inflationary financial strategy favour public spending cuts as well. On the other hand politicians and economists who are sympathetic to high public spending tend to be opposed to tight monetary and fiscal policies.

But the connection is not a necessary one. It is quite possible to be a socialist or social democrat monetarist with quite different attitudes to public spending to those of Mrs Thatcher and President Reagan. One of the pioneers in the U.S. of the constant money supply growth rule was the late Senator Paul Douglas, usually classified as a left-wing Democrat.

Equally it is possible to favour government spending cuts while being totally opposed to the anti-inflationary financial strategy. Many business leaders and rank-and-file Republican or Conservative supporters take this view — either because they want to tackle inflation by controlling wages or because they are not in practice all that keen on tackling it at all.

> Public spending is neither the root of all the economic troubles of the U.S. or Britain or Germany. Nor is it obviously desirable for its own sake, as even a Labour "revisionist" like Tony Crosland used to argue.

The distinction is far from academic. The Prime Minister and Treasury Ministers, want (a) to continue the anti-inflationary strategy and (b) to cut public spending sufficiently to reduce the basic rate of tax (which incidentally is by no means the same as the total tax burden) from 30 per cent towards the proclaimed goal of 25 per cent.

Treasury Ministers may say to friends whose chief interest lies in (a) that cuts in the basic tax rate are politically necessary to buy support for the financial strategy (at any rate in the Conservative Party). Some of their economic advisers may on the other hand fear that the basically non-partisan thinking behind the financial strategy is being put in jeopardy by being linked too closely with the goals of a single political party or wing of it.

Those of us who have the good fortune to be outside the Cabinet debate have however some duty to think about the public spending issue on its own merits. Unfortunately the attempt to do so leads to no resounding headline conclusions. Public spending is neither the root of all the economic troubles of the U.S. or Britain or Germany. Nor, on the other hand, is it obviously desirable for its own sake, as even a Labour "revisionist" like the late Tony Crosland used to argue.

Public expenditure covers a great variety of categories, which need to be distinguished. There is:

(a) The hard core of goods and services provided by the public services, such as defence, public health and educational services which are not put through the market. These amount, according to the London Business School calculations, to nearly 14 per cent of the GDP at factor cost.

(b) Purchases by the public sector of marketable products, *mostly from private sector.* The total, covering both current and capital spending, amounts to another 12 per cent of GDP.

(c) Public sector provision of marketable output. This category, which includes the nationalised industries, is not normally considered as part of public spending, but is relevant for many purposes.

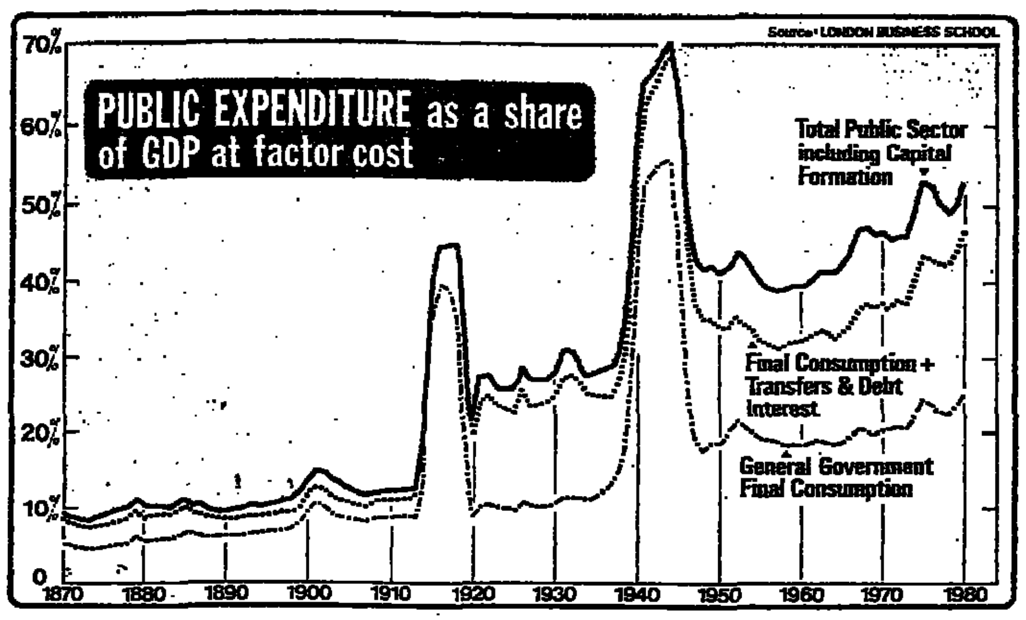
(d) Private consumption or investment financed by government transfers and subsidies, such as pensions or welfare benefits. This comes to about 15 per cent of GDP.

If one is concerned with the effects of public provision or freedom of consumer choice it is categories (a) and (b), comprising together about 26 per cent of GDP which matter.

If one is concerned with the effects on productive efficiency —or excessive state power—then it is the sum of (a) and (c) that matters. The best approximation is provided by the share of the public sector in total employment; which rose from 24 per cent in 1961 to 31 per cent in 1970 (excluding the armed services). It would be quite consistent to favour selling off or giving away all the nationalised industries which would take 7 percentage points of that total, even if one is opposed to further cuts in public services provided by central and local government.

If one is concerned with the tax burden and disincentives then it is the total of (a), (b) and (d) that matters, in other words all public services and purchases plus transfers. This total amounted in 1979 to just over 41 per cent of GDP, although it rose substantially in 1980.

The chart on this page, based on figures prepared by Mr David Smith of the London Business School brings out very clearly:—



Bob Hutchison

- that there has been a long-term rise in public spending (however measured) as a proportion of GDP over the last century;
- that this has been achieved mainly as a result of increases in the two World Wars, which have not been completely reversed in the ensuing peace and
- that there has been a rising peacetime trend since about the early 1960s, which may or may not have levelled off since 1975, if one disregards short term variations.

The spurt in public spending since the early 1960s has been almost universal among advanced industrial countries. The UK does not rank as a particularly high spender among these. Britain ranked fourth among 16 countries whose spending was compared by the OECD in 1961, but had slipped to ninth position by 1978.

The cynical reason for supporting public spending cuts is that unless an attempt is made to enforce them, public spending will actually increase (after allowing for inflation) and not fall gradually as the last Public Expenditure White Paper predicted. The UK, as a low growth country, with a medium public spending ratio, and with a trade union population strongly resistant to sacrificing real after-tax income, is certainly in no position to withstand a steep increase in the public spending ratio — whatever one may think about the urgency of a reduction.

Unfortunately it is all too easy to have an increased cost of public spending but a reduction in the quantity or quality of public services. Aggregate public spending statistics throw little light on such developments. The old "funny money" or volume terms defined cost increases out of existence. The present fashion for cash can on the other hand hide a deterioration or reduction in services if wage bills are rising more quickly than in the private sector.

The root of the trouble is thus not public spending as such, but wage determination methods in the public sector. The Social Democrats would try to tackle this by more decentralised organisation and bargaining. It may, however, be that centralised wage bargaining dominated by union monopoly is endemic to the public sector. But that would be an argument for returning some activities to the private sector, not for chipping away at an unchanged structure. Axe-wielding without fundamental change has been the rule ever since the IMF visited Mr Healey in 1976. The limits of that process have been reached.

If a compromise is wanted between returning some activities to the private sector and leaving them alone, it is to be found in the principle of charging, so often put forward by Mr Arthur Seldon of the Institute of Economic Affairs. Charges are often wrongly treated by financial writers and macro-economists as disguised taxation. But they do not have to be, if they bear any relation to the cost of providing the service—which the prescription charge for instance does not. It is surely better to charge for special lessons for artistically-gifted children or for marginal libraries rather than cut them out altogether—even though in an ideal world it would not be necessary to do either.

The case for denationalisation has little to do with public expenditure as such. If the major state industries were put into the private sector (and there are ways of doing so) it is far from clear that taxes could be cut. The PSBR would be lower, but if the industries borrowed on the market instead, the Government would have to aim for a lower borrowing requirement to achieve its monetary and interest rate objectives. The case for denationalisation is the case against monopoly on both the labour and the managerial side — monopolies which have enabled nationalised industry costs and prices (and not just in the energy field) to rise twice or three times as fast as private ones in a severe recession.

A compromise stopping short of denationalisation would be to end the monopoly power of the state industries—a cheese at which British Ministers have scarcely more than nibbled. The monopoly of the Post Office for normal letters and telephones remains. Pirate buses cannot compete with London Transport and it requires a minor revolution to open the gas showrooms to competition. But removing monopoly franchises — although a big step towards reducing state control —does not directly take a single penny off public spending.

These few and abbreviated examples are designed to underline a simple conclusion at which I arrived during the "Selsdon" phase of the Heath Government and which was reiterated on pages 138 to 141 of *The Economic Consequences of Democracy*. This is that "public spending cuts" will no longer do as a short-cut slogan for those who want to make more use of market forces or reduce restrictions on personal freedom. These goals have to be urged directly. A social market economy and crude public spending cuts are far from being the same thing. But any "wet" who thinks he has derived comfort from this article has wholly misunderstood it and should begin again at the beginning.

Samuel Brittan

Letters to the Editor

Investment in roads

From the Economics Director, The Association of British Chambers of Commerce

Sir,—Mr Carr's hysterical attack (letters, June 16) on proposals to construct an adequate road network alleges that "only the irresponsible 'passers-by' have an interest in such grandiose schemes."

Unless the United Kingdom has an adequate road network, the increase in transport costs caused by congestion and delay will inflict serious damage on industry's ability to compete in the European markets. Since the prosperity and employment of a substantial proportion of the population depends on our improving our competitiveness, the construction of the necessary road infrastructure is not simply to the benefit of "passers-by."

It is a matter of the utmost importance to industry and all who work in it that the necessary investment is made. This is not an argument for ignoring environmental considerations. It is a cogent argument for balance between the industrial benefits and the environmental costs and against excessive delay in implementing plans for new roads.

J. R. S. Egerton,
Sovereign House,
212a, Shaftesbury Avenue, WC2.

Pensions competition

From Mr A. I. Ferguson

Sir,—Much time, energy and correspondence has been recently given to the subject of pensions. Perhaps the time is coming when the Company pension is redundant. Most of these were introduced to attract and retain employees. As a consequence of enlightened attitudes, there is now a very big debate on how to make pensions truly transferable rather than a very good paid up deal with the retained money perhaps buying a gallon of petrol on retirement date.

Perhaps the whole basis of pensions is wrong. Being a rather simple soul, it seems to me that the competition between the State and private pension schemes is somewhat out of date. It would seem a relatively simple matter for everyone to have a basic State pension and, as many firms are quite free with their money, they could attract employees by an added contribution to a policy held in the individual's name which could then be taken from Company to Company and would continue as long as the premiums were paid. Where a firm was generous, the individual would pay very little, and vice versa.

If all the contributions to such a policy, within sensible limits, were open to tax relief, perhaps the policy would escalate fast enough to provide early retirement and perhaps make retirement date more optional. While there are problems, this approach must surely ensure that the person who changes his job later in life, perhaps through no fault of his own, does not suffer such an onerous pension penalty for so doing. Unfortunately the pensions business seems to be very conservative and the interested parties may be reluctant to change practices that are often profitable at the expense of the person they are meant to serve.

A. I. Ferguson
4 Burns Court,
Marine Parade,
Dawlish, Devon.

Doubts about Israel's actions

From Douglas Garbutt.

Sir,—In his letter of June 13, Mr Metliss takes you to task for expressing doubts about the path Israel is taking. I wonder if I am alone in sharing your doubts? In the same issue, your reporter writes in terms which may well appeal to Mr. Metliss of the "Old Lion of Israel." Mr Menachem Begin, who feels, like De Gaulle, that "la France, c'est moi . . . a self righteous man of many certainties and few doubts . . . who believes that if people do not agree with him . . . they do not understand the problem or they are simply anti-semitic."

From all reports, it is clear that Mr Begin expects to win the forthcoming election on the basis of his recent tactics. He has blooded the nose of the enemy and confounded the opposition at one blow. The strong man, the saviour of the *nation*, has countered the external threat . . . who dare criticise him? the next step is —is it really necessary to hold the election, since the outcome is foregone? Why not have a few referendums?

To someone like myself, born in the twenties, raised in the thirties and in the Forces for five years in the forties it all has a familiar ring.

How Arabs, or their supporters, can be accused of being anti-semitic defeats me. The only Semitic language which has an unbroken history in use is Arabic. But, of course, as Mr Begin says, we either don't understand the problem or....

Mr Begin's excuses for his unprovoked aggression are redolent of hypocrisy and double-think. For instance, the attack on the Iraqi reactor was justified because, had they left the attack until later, thousands of innocent Iraqi citizens might have been killed by nuclear fallout!

Mr Metliss is not quite in the same league, but even he criticises the French and demands that they become signatories of the Non-proliferation Nuclear Treaty, without mentioning that is Israel is not a signatory but Iraq is! Is the real argument that Israel may have whatever pleases her, and do exactly what the whim of the moment and the vagaries of internal politics dictate, but that others have no right to criticise?

Is the fear of being branded an anti-semite to silence all criticism of or comment on the policies and actions of the Zionist State? Is the real argument that Israel has the right to be judged by standards different from those which are applied to others?

Where does Israel's right to the ..."pre-emptive strike" (aggressive attack if from anyone else) end?. As far East as Pakistan? and West to Libya? Will it go further South beyond Uganda? (Surely not to friends in South Africa.) May it go north to Syria, or to France or West Germany? Or to Dundee, with its town twinning with Nablus?

I share the fears you express. I hope that those who love justice will recognise that it is indivisible . . . and may even extend to Arabs.

Douglas Garbutt,
3, Hill Road, Broughty Ferry, Dundee.

Repeal of the Corn Laws

From Mr J. P Pickering.

Sir,—Although I agree with John Cherrington's (June 12) gloom and doom outlook for British agriculture, in the long run, I do not think that his comparisons with the 1879 and 1921 situations are at all comparable with the situation today.

In those far off days the catastrophies resulted from repeal of what were simply Corn Laws or their equivalent. Today we are in a totally different ball game. Today we have what are in effect corn laws, beef laws, sheepmeat laws, milk laws and all manner of subsidies and grants for agriculture.

Today agriculture cannot slim down on labour as other industries have done. All harvesting operations are so highly mechanised that a harvesting season occupies only days whereas in the past they took weeks, or even months in a bad season.

The danger to agriculture today is the 70 per cent of the EEC expenditure on the CAP. Now there is so much unemployment that even the commissions must pay more attention to social problems like this one. Apart from the social problem of unemployment each vote from this depressed class is as important to the politicians of Europe as is the farmers' vote, and the total of unemployed is probably much greater than the total number of farmers and in the last instance votes do dictate policy.

The rising costs in agriculture will choke off the profit margin of agriculture and I cannot see the prices of agricultural produce being raised sufficiently to keep up with the costs.

J. P. Pickering,
Orchard Place,
Hexham, Northumberland.

Lessons from Japan

From Mr Frank Price

Sir,—It is a pity that the CBI feels it necessary to ask Mr Biffen the Trade Secretary to implement a protectionist policy against Japanese imports into the UK (FT June 10) which are ". . . running higher than last year. . . ."

Japanese products outsell ours because they represent better value for money, in a word, better quality.

Japanese industry has not achieved this pre-eminence as a result of mere chance, or happy accident of inherited social attitudes, or access to esoteric oriental philosophies. The achievement stems directly from the assiduous application of straight-forward, easily understood, well-proven techniques of statistical quality control, which the Japanese learned 20 or so years ago from the Americans and ourselves; and which are freely accessible to any industrial company anywhere in the world, including the UK.

So why, with a few notable exceptions such as Marks and Spencer and their suppliers, the Mars group, Pilkingtons, and a few others, does British industry so consistently fail to deliver good quality? Part of the answer lies in the attitudes and degree of awareness of the men in the upper reaches of our corporate pyramids. Consider . . .

"We have now installed quality control" claimed the MD of a sizeable British manufacturing company when all they had done was to set up a formal product inspection function consisting of one untrained man, grown old in the service of repetitive machine minding, who now spent his days scrabbling through packed product looking for duds. This MD, this captain of industry, custodian of the fortunes of his workers and shareholders, was so incredibly and inexcusably ignorant of the true potential of quality control as a profit generator that he sincerely believed that QC was what he had really got, and wondered why it did not work.

Compare that with "Reliability and Quality Control are important and indispensable managerial factors for the growth of our business. Company-wide R and QC policy and procedures have been established throughout each division of Nippon Electric Company, and executed as follows." There follows a detailed organisation chart for quality, heading into the President no less.

Industrial production is, by definition, a big-numbers game, and there is no way to play it successfully except through the application of statistical analysis to process data. Once this elementary truth is appreciated and diligently acted upon the outcomes can be breathtakingly rewarding. Like a pioneering company known to the writer which in the past two years has attained leadership in an innovatory technology by supplying more than 2,000m tightly-specified components to the UK plant of an American organisation renowned (some of its failed suppliers say "notorious") for the uncompromising rigour of its quality control demands, with *zero rejections.* This company pays handsome wages and makes good profits, which have been achieved quite simply by the enforcement of disciplined QC. The Japanese could not do any better.

And there lies the lesson.

Instead of capitulating to the foreign threat, and seeking legislative protection from legitimate competition, the CBI could better serve its members by renouncing such defeatist attitudes and trying instead to improve quality, and hence total, organisational performance. Starting at the top.

Frank Price.
Fellow of the Institute
of Quality Assurance,
39, Meden Bank,
Stanton Hill,
Sutton-in-Ashfield,
Notts.

Today's Events

GENERAL

UK: Council of Civil Service Unions major policy committee discusses all-out strike action over pay.

Mersey dockers on 24-hour strike.

Mr. Jozef Czyrek, Polish Foreign Minister, meets Lord Carrington, Foreign Secretary, in London.

Mr. Roy Hattersley, Opposition Home Affairs spokesman, speaks on Nationality Bill to Asian Community Action Group, London SW4.

Metropolitan Police publishes annual report.

Royal Society for Prevention of Cruelty to Animals statement on performing and circus animals.

Overseas: European Parliament discusses abolition of the death penalty; and agricultural frauds.

EEC Transport Ministers discuss Commission report on European air fares.

PARLIAMENTARY BUSINESS

House of Commons: Debate on the multi-fibre arrangement.

House of Lords: Transport Act 1962 (Amendment) Bill, second reading. British Telecommunications Bill, report stage.

OFFICIAL STATISTICS

Bank of England publishes first quarter UK banking sector statistics; Financing of the Central Government borrowing requirement; Money stock; UK banks' assets and liabilities and the money stock (mid-May); London dollar and sterling certificates of deposits (mid-May). Department of the Environment issues figures for new construction orders for April.

COMPANY MEETINGS

Automotive Products, Grosvenor House, Park Lane, W. 12.00. Beralt Tin and Wolfram, 100 Old Broad Street, EC, 12.00. Boustead, Westbury Hotel, New Bond Street, W. 12.00. Bulmer and Lumb, Victoria Hotel, Bradford, 3.30. Futura Quarry Street Mills, High Street, Stalybridge, Cheshire, 12.00. Industrial and General Trust, 2 Puddle Dock, EC, 12.45. Kwik-Fit (Tyres and Exhausts), Great Eastern Hotel, Liverpool Street, EC, 12.00. Lamont Holdings, North British Hotel, Princes Street, Edinburgh, 10.45. Portsmouth Water, West Street, Havant, Hants., 12.00. Scottish Mortgage and Trust, 3 Glenfinlas Street, Edinburgh, 10.30. Usher-Walker, Connaught Rooms, Great Queen Street, WC, 12.00. Yule Catto, Brown's Hotel, Dover Street, W. 12.00.

Second half increase checks Tesco setback

A SECOND half increase from £19.49m to £24.16m at Tesco Stores (Holdings) offset most of the interim setback, and for the 53 weeks ended February 28 1981 the group's taxable surplus was just behind at £35.59m, compared with £36.53m for the previous year.

The performance in the second six months was achieved by higher margins and substantial costs pruning, primarily associated with improved productivity, the directors explain.

There was a marked improvement in stockturn, they add, in both grocery and Home 'n' Wear.

Profits at halfway had fallen to £11.43m (£17.04m), but directors anticipated a satisfactory second-half trading.

Including VAT of £95.75m (£70.92m), turnover for the 53 weeks amounted to £1.92bn, against £1.6bn, and trading profits advanced from £54.35m to £71.56m.

Interest payable, however, surged to £15.73m (£3.21m), and depreciation took £20.24m, compared with £14.64m, and after a minority loss, last time, of £31,000, the pre-tax surplus came out nearly £1m behind.

After much higher tax of £5.45m (£1.37m) at February 28 earnings per 5p share are 9.04p (10.58p), but the final dividend is lifted to 1.55p (1.45p) making a total of 2.55p (2.45p) net.

During the 53 weeks 22 new stores were opened—mostly in second half — together with several major extensions, and added 790,000 sq ft to total selling area. The directors say this expansion was the largest in the group's history in one year. Twenty smaller stores were closed, they add.

For the current year the development programme includes the opening of 17 new stores, together with major extensions adding some 600,000 sq ft to selling area.

The group has arranged a committed UK medium-term facility with six banks amounting to £100m, the directors state. Borrowings under this, as at February 28, were £50m, replacing short-term borrowings, which are in addition to substantial overdraft facilities.

There was a £19.94m (£367,000) surplus on the sale of properties, and after an extraordinary credit, last year, of £72,000, and dividends, £8.5m (£8.16m), the retained balance came out well ahead from £27.44m to £41.58m.

The proceeds of sale of investment properties, during the period, and sale and leaseback operations generated £29m, and since the current year started further property sales have been contracted amounting to £10m.

A revaluation of the group's property portfolio gave rise to a surplus over book value of £150m, which has not been incorporated in the accounts. A CCA adjustment to figures reduces the pre-tax profit to £29.8m (£33.5m).

Lex, Back Page

HIGHLIGHTS

Lex looks at the full year figures from Tesco where a better than anticipated second half left the pre-tax figure only a shade lower at £36m. Yesterday's annual meeting of BAT Industries gave a reminder of the benefits flowing from the pound's fall, with a forecast of better profits from the tobacco giant this year. Moving on to the textile sector Dawson International has produced a 13 per cent pre-tax rise with a strong recovery in bulk textiles and further growth from the more up-market lines. Cash balances remain strong at 37p a share. The column then considers the news from the jobbers who are rationalising their equity books and dropping certain unprofitable stocks. On the bids front Camrex announced it was entering talks with Hawley Leisure that may lead to an offer from the leisure group which has been building up a significant stake in Camrex.

Bell & Sime in the red

FOLLOWING a fall from £118,669 to £29,956 at midway, Bell and Sime, timber importer and sawmiller, dropped into the red and finished the May 2 1981 year with a taxable loss of £241,994, compared with a £158,769 surplus.

The final dividend is cut by 50 per cent from 5p to 2.5p reducing the total to 4.25p (6.75p) net per 25p share.

After a tax credit, however, of £380,833 (£1,334) there was a net profit of £138,839 (£160,103) giving earnings per share of 34.27p (39.59p).

Turnover was down slightly from £4.58m to £4.38m and the pre-tax figure was after depreciation of £34,286 (£35,073) and interest, up from £158,651 to £201,914.

On a CCA basis taxable loss is increased to £361,000 (£99,000 loss).

Five Oaks to reorganise its capital

Five Oaks Investments is to seek High Court permission to reorganise its capital to facilitate dividend payments.

It proposes to reduce the par value of each ordinary share from 25p to 5p and to cancel the share premium account, which at June 30 1980 stood at £36,403. This will reduce the ordinary capital from £1.04m to £208,000 and release some £868,500 to eliminate a deficit on reserves.

It is also proposed that holders of first and second preference shares should waive their rights to arrears of past dividends in return for the issue to them at par of new ordinary shares approximately equal to the net amount of such arrears.

This would involve the issue to preference holders of 496,836 new ordinary 5p shares on basis of three for each preference share held.

The proposals will enable the company to resume preference dividend payments as soon as it returns to profitability. Ordinary holders could expect to receive dividends much sooner than would otherwise be the case.

Johnson Matthey climbs to £46m and lifts payout

IN THE year to March 31 1981 Johnson Matthey, platinum, gold and silver refiner, increased its pre-tax profit by £6.98m to £45.6m, on sales—excluding Johnson Matthey Bankers—of £901.49m against £823.73m.

At the half-year stage Johnson Matthey made taxable profits of £19.64m (£11.46m) and sales stood at £453.37m (£326.27m).

The final dividend is to be increased to 6.5p net (6p adjusted for a one-for-one scrip issue) per £1 share making a total for the year of 9.5p (7.5p). A final of not less than 6p was forecast.

The pre-tax profit was struck after debenture and other interest charges of £6.43m (£9.34m), and depreciation of £6.21m (£6.41m).

The surplus attributable came out at £32.87m (£25.46m) after a credit of £2.01m (£29,000 debit) for exchange rate variations. The earnings per share are stated at 27.4p (23.5p).

Current cost adjustments reduced taxable profits to £25.11m (£33.59m).

● comment

For all the bumps and rights issue leaks in the Johnson Matthey price just before Christmas, the subscribers to the £47m cash call can now look with some satisfaction to the shares which, after a 15p rise yesterday to 285p, are trading in comfortably new ground for calendar 1981. The fourth quarter was always going to look somewhat dull against its 1980 comparison but trading in those months was still so charged by bullion market fever as to make comparisons almost meaningless. JM is down £3.2m pre-tax in the final three months but the rate of annual growth has beaten most outside forecasts to reach £45.6m. The notional bonus implicit in market metal price valuations is now declining but the group should be set for a further profit advance this year. The traditional dealing base has been successfully expanded by commodity and geography and, equally importantly, the development of refined platinum as an anti-pollutant and as an agent in cancer treatment point to solid medium term expansion although other parts of the industrial range, notably colours and transfers and UK jewellery, have been weak. The historic yield of 4.9 per cent and the p/e of 10.2 (ignoring all exceptional items) have probably discounted much of the substantial improvement in the asset and marketing base, all the same.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Baker's Stores ......int.	0.65	Aug. 7	0.52*	—	1.32*
Bankers Inv. Tst.	1.98	Aug. 28	2.21‡	3.78	3.86‡
Bell and Sime	2.5	—	5	4.25	6.75
Bisichi Tin	0.65	—	0.5	0.65	0.5
Brooke Tool ....int.	0.75	July 18	1.45	—	3.5
Dawson Int.	5.25	Aug. 27	4.5	8.25	7.5
Downs Surgical	0.6	Oct. 5	0.5	0.6	1.6
Johnson Matthey	6.5†	—	6*	9.5	7.5*
Ernest Jones ....int.	1.4	Aug. 19	1.4	—	3.9
Nottingham Brick ...int.	2	Aug. 14	2	—	6.62
Scott's Restaurant	3.52	July 27	3.2	3.52	3.2
Tesco Stores	1.55	Aug. 7	1.45	2.55	2.45

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Includes special payment of 0.47p.

Hawker trading 'steady'

Hawker Siddeley, the electrical and mechanical engineering group, should show a "reasonably good result" this year Sir Arnold Hall, the chairman and managing director, said at the annual meeting in London yesterday.

He said that trading so far this year had been "steady," but the company's profit trend should be "up, rather than down" over the year as a whole.

Although the British econom[illegible] might be expected to remain [illegible] for the remainder of 1981 [illegible] least, Sir Arnold said international trading levels were moving a little upward and this was useful from Hawker Siddeley's point of view.

Despite the comparative strength of the international markets, it was unlikely that there would be a significant change in the ratio of export-based sales to local market sales. Last year, direct and indirect exports accounted for almost 60 per cent of turnover.

In response to questions, Sir Arnold confirmed that Hawker Siddeley, along with BICC and GEC, was involved in discussions with British Rail on the possibility of private sector capital being used in the investment programmes of BR and other public corporations. Morgan Grenfell, the merchant bank, was involved, but no result was imminent, he said.

Notts. Brick falls in first half

Pre-tax profits of Nottingham Brick Company fell from £271,020 to £90,591 in the six months to March 31 1981, and turnover was also lower at £1.99m compared with £2.28m. The net interim dividend is, however, unchanged at 2p—last year's total was 6.62p from pre-tax profits of £606,052.

The directors say the results, while disappointing, reflect the state of the construction industry and the economy generally.

There are now some signs of improvement in private housebuilding, which is the most important sector of the market for the company's products. A return to full production is intended in the near future.

The directors now expect, before the end of the financial year, to place orders for additional plant in connection with the further mechanisation of the Maltby factory.

Trading profit for the six months fell from £315,189 to £164,782, and interest payable rose from £44,169 to £74,191. Due to the company's capital expenditure programme, there is no liability to tax on the first half results. There was a charge of £37,500 last time.

Stated earnings per 50p share were reduced from 9.85p to 3.8p.

● comment

Viewed in the light of recent impressive results from producers of facing bricks — for example Downing, and Hanson Trust's Butterly subsidiary — Nottingham Brick's interim figures are, as the company admits, fairly disappointing. Nottingham's pre-tax profits are cut to one-third. But at least the exercise in stock-reduction has gone off smoothly, and an increase in private housing starts is encouraging a return to full production after several months of a forty-hour week. Unchanged on 130p, the shares yield 7.4 per cent historic. If the improving market enables Nottingham to repeat its second-half profits of 1980, that suggests a fully-taxed p/e of nearly 15 which seems rather weighty, given the 14.6 multiple at which Steetley's current bid values Downing.

SPAIN

June 17	Price %	+ or −
Banco Bilbao	338	−6
Banco Central	410	−4
Banco Exterior	335	+8
Banco Hispano	324	−6
Banco Ind. Cat.	125	—
Banco Santander	386	−4
Banco Urquijo	225	+2
Banco Vizcaya	365	—
Banco Zaragoza	271	—
Dragados	246	+11
Espanola Zinc	91	—
Fecsa	79	−2
Gal. Preciados	55.5	+2.5
Hidrola	89.7	+1.2
Iberduero	69	−0.7
Petroleos	151	−2
Petroliber	102	+3
Sogefisa	62	−3
Telefonica	90	+2
Union Elect.	80.5	−0.5

Honda Motors returns to London Stock Exchange

TRADING in the shares of Honda Motor Company, the Japanese manufacturer of motorcycles, cars and power products, is to begin today on the London Stock Exchange.

The company had net income after tax in the year to February 28 1981 of Y92.58bn (Y27.76bn) on total sales of Y1,675bn (Y1,307bn).

It is the largest manufacturer of motorcycles in the world, with major plants in Belgium, the U.S., Brazil and Thailand as well as Japan. The company expects sales to rise from 3m units to 3.5m this year and sees growth in the market for years to come.

Car sales are forecast to grow from 970,000 units last year to 1.06m in the current year.

Mr Noboru Okamura, executive vice-president, said in London yesterday that the company would wait until the launch of the Triumph Acclaim by BL in October before considering further co-operation with BL.

"That does not mean that we are thinking about anything."

Honda has no immediate plans to raise capital in London, but sought the restoration of its Stock Exchange listing as a means of keeping investors aware of the company's activities and facilitating fund-raising in the London market in the future.

Honda first obtained a London listing in 1963, but gave it up in 1976. The company is also listed on the New York Stock Exchange. Costs of arranging the London listing are about £150,000.

Sponsors to the introduction are Kleinwort, Benson, and brokers are Cazenove.

John Fleming sales and profits fall

Taxable profits of John Fleming and Company, an unquoted timber importer and merchant, fell to £664,815 in the year to March 31, 1981, compared with £1.01m. Turnover was also lower at £18.62m against £19.29m.

Earnings per £1 share, after tax of £396,996 (£552,585), are shown down from 110.98p to 63.7p. The dividend absorbs £61,500 (£52,600).

MAINLINE ELECTRONIC

In his annual statement Mr Joseph Eiger, the chairman of Mainline Electronic, says the directors believe that the company should be able to conserve its resources, achieve break-even position and be able to expand its activity through acquisition. The company was formerly known as Crellon Holdings.

Brooke Tool slides to £55,000

IN THE six months to March 31 1981 Brooke Tool Engineering (Holdings) fell sharply from a pre-tax profit of £319,500 to £55,900 on turnover down from £5.27m to £4.38m.

The directors of this Nottingham-based group which manufactures machine, cutting and mining tools and steel fabrications, say that in light of these results and the current trading position they consider it prudent to reduce the dividend, although confidence for the future justifies the payment of an interim of 0.75p (1.45p) net per 25p share. Last year a total of 3.5p was paid.

The profit was struck after reorganisation and redevelopment costs of £200,000, taken above the line. Despite the severe recession being experienced by the machine and cutting tools divisions the company is carrying out extensive new product development, factory rationalisation and plant replacement schemes.

The directors have increased the group's market share in some areas, and its new distribution venture in the U.S. is showing some promise. They say the balance sheet remains strong and the company is well-placed to resume earnings growth when the general level of trading improves.

Interest charges were £12,900 (£107,300) and tax took £34,800 (£41,500). After extraordinary items of £64,600 (nil) the net loss emerged at £43,500 (£278,000 profit).

● comment

Brooke Tool's first half has been every bit as difficult as the chairman warned at the AGM in March. Turnover is down 17 per cent, with the main problems being at the rebuilt Boxford lathe factory and at Whiteley. The machine tool division as a whole is in loss because of poor home demand and the loss is likely to increase slightly in the second half. The cutting tools side was also in the red but is now back in profit. The mining tool subsidiary has increased its share of a reduced market. Brooke has charged £200,000 for product development and reorganisation above the line in the first half and there will be more, but smaller, charges in the second half. Profit for the year is not likely to exceed £½m but the group is confident of improvement next year. Assuming a halved dividend, the prospective yield is 5.3 per cent at 47½p, down 3p yesterday.

Roy Mill closure cuts Shiloh workforce by 200

A re-examination of its spinning interests viewed against the diminishing prospects of there being a significant upturn in the economy in the autumn, has resulted in the board of Shiloh Spinners taking drastic action.

It has decided to concentrate its spinning activities into two mills, and this means the closure of the Roy Mill with the loss of approximately 200 jobs. The Roy Mill will close at the end of August.

This will make the company a smaller, more compact group with less dependence on conventional spun yarns, but with adequate capacity to develop open-end and specialist yarns, Mr Edmund T. Gartside told the annual general meeting.

The cost of the Roy Mill closure and subsequent reorganisation expenses would be substantial, he said, but it was not possible to put a precise figure on them at this stage.

He said those costs would certainly mean a further loss during the first half of the current financial year, but when the reorganisation was completed, the company should be in much better shape and should return to profitability. In the year to March 28, 1981, the company incurred a pre-tax loss of £295,542 compared with profits of £65,097.

Turnover of W. M. Supplies (UK), a subsidiary, showed a substantial increase in the first 10 weeks of the current financial year, and it was running at a higher level of profit than last year, Mr Gartside told the meeting.

Bisichi Tin rises sharply to £524,000

Pre-tax profit of the Bisichi Tin Company rose sharply from £138,155 to £523,522 in 1980 and an increased dividend of 0.65p net per 10p share—against 0.5p—has been recommended.

Tax of this metal and mineral trader took £268,509 (£53,333). The attributable profit emerged at £216,601 (£84,822) after an extraordinary debit of £38,412 (nil) which comprised written off interest in Nigeria of £65,000 less the sale of listed investments of £26,588. Earnings per share are stated at 3.9p (1.3p).

CCA adjustments reduced pre-tax profit to £499,516.

BANKERS INV. TRUST

The final dividend of Bankers Investment Trust is 1.98p net per 25p share making a total of 3.78p. Last year's total of 3.86p included a special of 0.47p which was paid within a 2.21p final.

BIDS AND DEALS

Camrex and Hawley advisers meet today

BY ALAN FRIEDMAN

A meeting is to be held this afternoon between the financial advisers of Camrex, the anti-corrosion engineer, and Hawley Leisure, the amusements group, to discuss Hawley's 18.4 per cent shareholding in the company.

Mr Ian Bolton, finance director of Camrex, said yesterday his company had received an approach from Hawley which may or may not result in an offer being made for the capital not already owned.

Mr Bolton explained that in the last few days Hawley had purchased around 300,000 shares in Camrex, bringing its total stake to 1.77m. The directors of Camrex do not believe that the current market price of the company—48p yesterday, up 4p—reflects its underlying worth. Shareholders in Camrex are advised not to sell their shares.

Yesterday's share price values Camrex at £4.99m. Mr Bolton said a fair price for its shares would have to be above the group's net asset value of 70p per share, but he could not say how much higher would be reasonable.

The company, which last year incurred a pre-tax loss of nearly £700,000, and an attributable loss of £1.24m, was confident of making a "satisfactory profit in 1981," he said. Camrex would also return to the dividend list in the current year.

Mr Bolton repeated the company's earlier assertion that it would like to remain independent. He said he could not see the connection between "a leisure company and a speciality coatings company."

"It is our intention to resist any bid that might be forthcoming," he explained.

At Hawley, Mr Michael Ashcroft, chairman, characterised yesterday's Camrex statement as "extremely premature." He confirmed that the financial advisers of both group would be meeting today.

"The purpose of the meeting is to allow both sides to find out where they stand," he said. Mr Ashcroft commented on Camrex's intention to resist any bid by saying: "If that be the case then all this speculation would not have been necessary."

"If Camrex and ourselves feel that our respective values are very different, we would be prepared to give them the opportunity to place our shareholding in order that they may remain independent," he concluded.

Besides its Camrex stake, Hawley also holds 9.3 per cent of Dufay Bitumastic, which is another specialty coatings business.

Camrex itself holds 29.75 per cent of Dufay Bitumastic. Shares in Dufay moved up 4p yesterday to 47p.

Berisford sets deadline on British Sugar bid

SHAREHOLDERS of British Sugar Corporation, the sugar producer fighting a £200m takeover bid from S. and W. Berisford, have been told by Berisford that its offer will not be extended beyond July 1.

"I urge you to accept our offer without delay," Mr Ephraim Margulies, Berisford's chairman, has told the sugar corporation's shareholders.

In a letter to the shareholders Mr Margulies says that Berisford owns 39.29 per cent of British Sugar.

"The Government, which has a further holding of 24.17 per cent, has indicated that it wishes to sell its shares, and that provided there are no other bidders and our offer terms are accepted by a majority of the uncommitted shareholders, our offer terms are acceptable to them.

"If our offer should lapse at least 60 per cent of British Sugar's shares could be put on the market."

He adds: "When considering the terms of our offer, you should also consider the likely fall in the value of your investment if our offer should fail.

"Immediately before Berisford made its purchases of British Sugar shares on Friday June 12 the quotation had fallen to 315p. How much further would they fall in value with 60 per cent of the company on the market."

Berisford's latest circular has gone out to drum up the vital acceptances representing over 3 per cent of British Sugar's shares. Berisford needs to gain 42.56 per cent of British Sugar at which point the Government will give its support to the bid.

British Sugar countered Berisford's comments in its circular yesterday. "Their suggestions are naive. Our advisers have said that they could place the Government stake without upsetting the market. If the bid failed it would be in Berisford's interests that its shares are placed at the best price," said the group.

MYSON BID

THE CHAIRMAN of Myson, the heating and air-conditioning group, yesterday declined to comment on his company's decision to recommend to shareholders a £6.5m bid from a syndicate of financial institutions.

Mr Robert Myson spoke yesterday in response to a question at the company's annual meeting. "At this stage I have nothing more to add. The company has received an offer which is fair and reasonable and we advise shareholders to accept it," he explained.

Mr Myson added that a formal offer document would be posted shortly and would include his own letter to shareholders.

The chairman referred to the group's auditor another question concerning the lack of provision for depreciation of freehold and long leasehold buildings in last year's accounts. Mr Deryck Botterill, senior partner at Kidsons, explained: "Under the requirements of SSAP 12 the company should have provided for depreciation, but this is not material."

Gamma Beta beats Stroud in race for Hield Bros.

GAMMA BETA Investments, the private company of the Chamsis Bacha family, has gained control of Hield Brothers, the worsted cloth producer, after a five-phase bidding race with Stroud Riley Drummond.

Stroud Riley backed out of the contest on Tuesday and sold its 27.4 per cent stake in the voting to Gamma at the offer price.

As a result, Gamma yesterday said that it had received acceptances to its offer in respect of 57.7 per cent of the votes attached to the capital of Hield. This was equivalent to 19.4 per cent of the ordinary share capital and 43.6 per cent of the preference share units.

Gamma Beta is offering 15.25p per ordinary share and 66p per preference share unit for Hield, which values the loss-making company at £2.5m.

Gamma first bid for the company late in April, but this initial bid was topped by Stroud, and then both companies made counter-offers, until Gamma's offer reached its current level.

Stroud said yesterday that it sold its stake on Tuesday because it could not give Hield the same assurances that Gamma Beta had over the continued employment of staff at Hields, should its bid succeed, and that it could not justify paying a higher price.

Stroud paid £493,000 for the holding when it bought it from Illingworth Morris last December. The sale to Gamma realises £644,000.

U.S. GROUP BUYS STONE WALLWORK

The production and sales activities of Stone Wallwork, Glasgow, have been acquired by Hewitt Robins Crushing and Vibrating Equipment of Columbia, South Carolina. Hewitt Robins, a subsidiary of the Litton Industries Group, manufactures mineral processing and bulk handling equipment.

Stone Wallwork, which was a licensee of the American company, is to change its name to Hewitt Robins International. Apart from the manufacturing operations in Scotland, the deal includes marketing and service activities in the UK, Holland and France.

PFPUT BUYS TWO MORE U.S. FARMS

The Pension Fund Property Unit Trust has completed the purchase of two further farms in the Corn Belt of the U.S. at a cost of $2.88m. Both investments are in the State of Illinois.

The first is of 300 acres, which is let on a cash lease. Purchase price was $3,900 per acre, to give a gross return of 3 per cent.

The second farm comprises 530 acres, and is operated under a crop share lease. Price paid was $3,255 per acre.

PFPUT now owns three farms in the Corn Belt, totalling 1,500 acres, as part of its policy of investing a proportion of its funds in the U.S.

H. C. SLEIGH UK BUYS BRYSON YOUNG

Continental Wine and Food, a subsidiary of H. C. Sleigh UK, has acquired the entire issued capital of Bryson Young and Company, of Glasgow. Bryson Young is a long-established food importer whose activities will be complementary to the expanding interests of H. C. Sleigh in the UK and internationally.

H. C. Sleigh is a member of the Sleigh Group of Companies of Melbourne, Australia.

WOODHOUSE HUME

The management of Woodhouse Hume, the specialist butcher in Grand Metropolitan's foods division, is to buy the company back from Grand Met for a cash payment of £2.25m.

The move is the latest in a series of management "buy-outs" which have been taking place in British industry in recent months.

The deal will exclude Woodhouse's frozen food processing business in Aylesbury. The business to be bought back from Grand Met will include the butchery in London, with an operation in Aylesbury, as well as the newly-founded Ross Hume meat processing business in Aberdeenshire.

Woodhouse was bought from the Moore family in 1972, but it was now felt that the labour-intensive butchery division did not fit into the Grand Met group, the company said yesterday. Mr Roger Moore, son of the company's previous owner, is to become chairman.

OIL & GAS PROD.

As a result of acquisitions in the market subsequent to the original allotment of shares TR Energy (Investment) now holds 8 per cent of the fully-paid ordinary shares of Oil and Gas Production.

Rothmans Singapore terms

Shareholders in Rothmans of Pall Mall (Malaysia) who will hold shares in Rothmans of Pall Mall (Singapore) under a scheme of arrangement to establish separate quoted companies in both Kuala Lumpur and Singapore, will receive an equal number of shares in a new Singapore-based company which is being established to acquire Rothmans (Singapore), free of consideration.

The new company, Singapore Holdings Company, will take over the capital of Rothmans (Singapore), consisting of 28.7m shares of 50c each.

These would be issued to shareholders of Rothmans (Malaysia) on the basis of one share in Singapore Holdings for each one ringgit share in Rothmans (Malaysia).

The move is a result of Malaysian government policy which requires 30 per cent of the control of all Malaysian-based companies to be in the hands of native Malaysians, or Bumiputras, by 1990.

In response to this policy, Rothmans announced recently that it would float the Singapore company, currently a privately-owned subsidiary of Rothmans (Malaysia), which is itself a 50 per cent-held subsidiary of Rothmans International, the tobacco, brewing and energy group.

Rothmans (Malaysia) is quoted on the Singapore and Kuala Lumpur stock exchanges, and it is intended that the new Singapore company will also be quoted on both exchanges.

BURNETT OIL SIDE EXPANDS

Through its subsidiary UK Petroleum Products, Sheffield-based mining and construction group, Burnett and Hallamshire Holdings has purchased the Coventry-based oil business of Blackhorse Trading Estate.

The acquisition of Blackhorse, which trades under the name of B.B. Oils, follows the recent announcement that Burnett had expanded its oil activities, for the first time, into the South of England and South Wales.

THE TRING HALL U.S.M. INDEX
121.7 (−0.3)
at close of business 17/6/81
BASE DATE 10.11.80 100

Dawson Int. over £20m for year

PROFITS before tax of Dawson International, textiles and knitwear group, improved from £18.24m to £20.67m in the year to the end of March 1981 after a £0.76m rise to £8.2m at the midway stage.

The dividend is stepped up from 7.5p to 8.25p with a final of 5.25p and the directors plan to make a one-for-two scrip issue.

A higher tax charge of £7.74m against £4.87m results from recent changes in the method of accounting for deferred tax and the fact that stock relief is no longer subject to clawback. After this charge, and extraordinary credits of £104,000 (£176,000), the attributable profit is slightly lower at £13.04m (£13.55m).

Dividends absorb £4.77m (£4.05m), leaving a surplus of £8.26m (£9.5m) to be retained.

Stated earnings per 25p share are reduced to 22.5p against 26.2p, or 23.4p on a fully diluted basis.

The improvement in pre-tax profits — reduced to £16.8m (£14.8m) by current cost adjustments—resulted mainly from increases in the woollen yarn spinning and knitwear and clothing companies, says Mr Alan Smith, chairman.

The surplus was struck after depreciation of £3.1m (£2.87m) and interest charges of £2.29m (£1.46m) and included investment profits of £4.42m (£2.91m).

Group turnover went ahead from £159.21m to £181.42m, including direct exports up £12.6m to £54m. A breakdown of sales by division shows, in £m: knitwear and clothing 58.6 (£48.8); yarn spinning 68.5 (61); fabric manufacturing 11.9 (11.2); raw material merchanting and processing 32.3 (38.2); and new acquisitions 10.1.

The chairman says the reduction in raw materials merchanting and processing sales was due partly to recession and partly to the decision to cut back on the volume of lower margin merchanting activity. This decision was of overall benefit to the group and a major factor in a £1.1m reduction in working capital, he adds.

The two companies acquired during the year—Henry Ballantyne and Sons and Mackinnon of Scotland—had been incurring substantial losses before their purchase, says Mr Smith. Severe measures have been taken to put them on a profitable footing and he is confident they will now start to generate profits.

Capital expenditure amounted to £3.8m before grants and included £0.3m for land to be used towards the establishment of a cashmere goat industry in Australia.

Mr Smith says the current year will be a challenging one. While some overseas markets show signs of slowing down others continue strong and show potential for growth.

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Argyll Foods accounts true and fair, court told

BY ROBIN REEVES, WELSH CORRESPONDENT

Argyll Foods' 1979 report and accounts were a true and fair view of the state of the company, Professor John Arnold, head of the accountancy department at Manchester University, told Penarth (South Wales) magistrates court yesterday.

He was giving evidence for the defence on the second day of a test case brought by the Department of Trade against Mr D. G. C. Webster, Argyll's financial director. Mr Webster is accused of contravening sections 150 and 152 of the 1948 Companies Act in respect of the presentation of accounts. He has pleaded not guilty.

The prosecution has alleged that the consolidation of Morgan Edwards into Argyll Foods' balance sheet at December 31 1979, in the 1979 report and accounts was misleading, as it did not legally become a group subsidiary until March 25 1980.

Professor Arnold stated that there was a danger that if Morgan Edwards had been excluded, the naive investor might have been misled, since the company was, in economic fact, part of the group at that date.

He agreed that to have dealt with Morgan Edwards on a proforma balance sheet basis would also have given a "true and fair view" of the company's financial position.

But "it would have been less useful and possibly misleading," he said.

Earlier, the bench had rejected a defence submission that there was no prima facie case to be answered.

Speaking in his own defence, Mr Webster said he had rejected a pro-forma balance sheet presentation to cover the Morgan Edwards acquisition because it would have been the sixth in the space of 10 months and potentially misleading.

"Obviously it was something we considered but the economic substance was that Argyll and Morgan Edwards were one. I took the view that the truest and fairest view was to include Morgan Edwards—and the most informative to shareholders."

The precise position of Morgan Edwards in the balance sheet and the fact that it technically breached the Companies Act was explained in the accompanying notes.

Mr Webster accepted that if auditors Arthur Andersen and Co had threatened to qualify the accounts they would not have been drawn up in the same way.

But he rejected prosecution allegations that Morgan Edwards had been included in order to paint Argyll's finances in the most favourable light.

The case was adjourned until June 24.

SHARE STAKES

City of Oxford Investment Trust.—Lonmanpen beneficially holds 205,000 shares (5.02 per cent).

Staveley Industries.—Dr A. Frankel, chairman, sold 36,390 shares at 257p on June 15. Interest was direct and beneficial and holding after sale equals 20,000 shares.

MINING NEWS

Foreign groups to prospect in Zimbabwe

BY KENNETH MARSTON, MINING EDITOR

DESPITE deep concern in the Zimbabwean mining industry over the Government's stated intention of establishing a state-owned minerals marketing agency, multinational mining groups are expanding their exploration activities in the country, reports Tony Hawkins from Salisbury.

The Zimbabwe Ministry of Mines announced yesterday that four multinational mining groups have been awarded a total of eight Exclusive Prospecting Orders covering vast areas of the country to search for a variety of minerals including copper, tungsten, uranium, lead, molybdenum, zinc and gold.

The companies concerned are South Africa's Anglo American Corporation, Lonrho (through its subsidiary Corsyn Consolidated Mines), Union Carbide and the West German group, Saaberg Interplan Uran. The West German group is the only one that has not operated in Zimbabwe in the past.

The Zimbabwe Government statement reiterated official policy that any new energy or strategic mining development must be on a joint venture basis with the Government. This refers to coal and uranium development.

In addition, it is State policy that any mining company entering Zimbabwe for the first time—such as the Saarberg Interplan group, must offer Government the right to participate in new mining ventures.

There is the fear in mining industry circles that new investment in the industry may be discouraged if the Government opts to go ahead with its stated intention of establishing a state-controlled metals and minerals marketing agency.

Mining houses believe that the Government is anxious to do this for two reasons—because of the suspicion that mining groups have been manipulating their sales prices and also because of the Government's policy of increasing trading links with the non-aligned and centrally-planned economies at the expense of trade with the Western-owned multinationals.

NAT. MUTUAL SELLS STAKE IN N. MINING

The National Mutual Life Association of Australasia has sold its holding of 19.9 per cent in Northern Mining which holds a 5 per cent stake in the Ashton diamond venture in Western Australia. The name of the purchaser has not been disclosed.

National Mutual acquired the holding in the market in March of this year at the same time as a similar holding was built up by Endeavour Resources in which Bond Corporation has a stake of some 40 per cent.

Neither the National Mutual nor Endeavour was prepared to allow their Northern Mining holdings to break through the 20 per cent level which would trigger a full bid. The purchasers said only that they regarded their holdings as normal investments. At that time the price of Northern Mining shares was around 150p in London, about the same as the current level.

BHP seeks oil exploration tax offsets

THE AUSTRALIAN Federal Government has been asked by Broken Hill Proprietary to amend the country's present income tax legislation in order to encourage overseas oil exploration, particularly in the less developed countries of South-East Asia and elsewhere in Asia.

The Government is being asked to allow Australian companies to deduct from assessable income, non-profitable oil exploration expenditure incurred in certain countries outside Australia.

It is pointed out that Australian companies are at a disadvantage when competing for exploration with those from the U.S., Canada, Britain, Japan and Germany, all of which receive government encouragement through tax concessions or other forms of financial support.

If granted the tax incentives BHP would significantly extend its overseas exploration programme to the Asian, South-East Asian and Indian Ocean regions. Countries considered by BHP geologists and geophysicists as having good oil discovery prospects are China, Burma, India, Madagascar, Malaysia, Pakistan and Vietnam.

New Oakbridge mine approved

THE AUSTRALIAN Government has approved a proposal from Oakbridge and Japan's Sumitomo group to develop a steam coal mine at Baal Bone in New South Wales.

The newcomer will replace an existing colliery operated by the two companies which will be depleted by 1983. It will cost some A$79m (£45m) and should produce 2m tonnes a year by 1984.

Oakbridge has an 80 per cent stake in the new mine's operating company, Wallerawang Collieries, with Sumitomo holding the other 20 per cent.

The Oakbridge mining and industrial group made a slightly higher net operating profit of A$4.44m in the year to last June, but lost money on its coal operations.

In the first half of the current year, however, there was a modest profit on coal and total net earnings for the period climbed to A$3.47m.

Rival bid for Paringa

A RIVAL bidder to the UK-registered Hampton Gold Mining Areas entered the contest for Paringa Mining and Exploration yesterday, in the form of Apollo International Minerals, a little-known Australian exploration company.

Apollo picked up 3.34m Paringa shares yesterday to take its stake to 35.7 per cent, after offering 80p a share. Under Australian company law, Apollo's offer remains open for one month.

This means that Paringa now has two major shareholders, as Hampton has built up a stake of 25 per cent by purchases from Aberfoyle. This company owns the other 90 per cent of Paringa's main asset, a 10 per cent holding in the Tasmanian silver - lead - zinc - copper - gold deposit at Que River.

Paringa said yesterday that it had been in merger talks with Apollo for some time, and these talks are still going on. Meanwhile, shareholders are advised to take no action in respect of the new offer.

Paringa also released its formal defence against Hampton Areas' recent offer of 62p in cash or three Hampton shares plus 50p cash for each Paringa.

The document emphasises Paringa's desire to remain independent, especially now that Que River has started production and is expected to generate enough income over the financial year to next June to allow the company to consider the payment of its first dividend.

Paringa shares jumped 9p to 81p in London yesterday, while Hampton Areas gained 15p to 215p.

ROUND-UP

The state of the economy and the low price of copper have combined to bring about the suspension by Anaconda, a subsidiary of the U.S. oil major Atlantic Richfield, of an underground test mining programme in Montana. About 400 workers have been laid off.

Anaconda, which operates an open-pit mine and ore concentrator near the site at Butte, Montana, said the project was an attempt to determine the feasibility of mining copper ore which lay too deep for open-pit methods.

The project was budgeted at $30m (£15m), and $10m has already been spent. It could be resumed if copper prices rise high enough, Anaconda said.

* * *

The Canadian province of British Columbia could see five new gold mines come on stream this year, at a total cost of C$65m (£27m), reports our Toronto correspondent.

One of the mines, the small but rich Baker gold and silver producer of America's Du Pont, is already in production. Another, the Ladner Creek joint venture near Hope, is soon to start up. This 1,500 tons per day operation is owned by Carolin Mines, Ocelot Industries and the Aquarius Group of companies. The latter group is composed of Great Basin Petroleum, Canadian Obas Oil and Quarium Resources.

E. Jones midterm downturn

PRE-TAX profits of Ernest Jones (Jewellers) slipped from £1.21m to £1.06m, for the six months ended March 28 1981, on turnover of £6.34m against £5.67m, VAT included.

The directors say that turnover has been continuing at a reasonable level, but in the present economic climate it is difficult to make short-term predictions.

The interim dividend is maintained at 1.4p net per 10p share—last year's final was 2.5p paid from a taxable surplus of £1.46m (£1.62m).

In February the directors said that first quarter figures produced record sales, but consideration had to be given to the recession and its effect on retail trade.

Shopfitting contracts for the new branches at Oldham, Cardiff and Guildford are proceeding well and these will be open and trading as scheduled.

The policy of selective expansion is being maintained and negotiations are well advanced for a further four new branches.

Tax for the six months to March takes £561,000 compared with £631,000 leaving an attributable balance behind from £583,000 to £518,000.

Heron Motor 24% advance

PRE-TAX profits of the Heron Motor Corporation rose by 24 per cent to £13.4m in the year to March 31 1981. This has continued the company's unbroken record of progress, says Mr. Gerald M. Ronson, chairman.

The net assets of this petrol station, vehicle distribution, property and insurance group, increased to £133m, partly arising from a revaluation of properties producing a surplus of £48m. As at the year-end properties were stated at £175m.

Cash in hand and on short-term deposit increased from £14m to £19m.

Mr. Ronson says that during the year the restructuring of the group's property and trading interests was completed. Property interests in the UK and continental Europe, have been established under a main holding company, Heron Property Corporation. All trading activities have been integrated under the Heron Trading Corporation.

Heron's U.S. oil and gas interests have now started to produce a cash flow and another North Sea block has been licensed for exploration.

Heron Motor Group, the 68 per cent owned subsidiary, made a trading loss of £145,000 (£1.31m profit), and after interest, tax and extraordinary items the net loss came out at £235,000 (£746,000 loss).

Mr. Harry Cressman, managing director of Heron Motor Group, says that the year was the worst for the motor trade since 1945, with dealers "engaged in marketing practices that drastically reduced margins" in order to cut stock levels.

The fleet, leasing and truck and van rental companies were the areas that created the greatest difficulties Mr Cressman says. The fleet leasing companies have been the subject of a major reorganisation which will be completed before the middle of the current year and the truck and van rental company wil be reduced to a smaller and more viable unit.

Heron Corporation is wholly owned by Heron International.

● comment

At the interim stage, Heron Motor's branch rationalisation programme seemed to be paying off; pre-tax losses dropped to £947,000 from £833,000 in the second half of 1979-80. However, the severity of the recession in the motor industry last winter sent the second half loss up to £742,000. The truck and van rental company suffered most, as hard-pressed industry in the North East and in Scotland had little need for daily hires. The Glasgow office has just been closed and the three others are only breaking even. Heron's financial position remains strong. Closure costs continue to be more than compensated by surpluses on property disposals, vehicle stocks have been cut by about 40 per cent in the past year and borrowings are negligible. Demand for cars is improving, but from intolerably depressed levels, and the best hope for the current year is probably a nominal pre-tax profit. Meanwhile, the group has decided there is scope for growth in leasing and is investing in a computer system to handle larger volume. At 29p unchanged, the shares trade at little more than half net asset value but are unlikely to show much improvement in the near future. The yield on the halved dividend is less than 4 per cent.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims — English China Clays, Flexello Castors and Wheels, Kenning Motor.

Finals—Amber Industrial, Arbuthnot Latham, Belhaven Brewery, Braby Leslie, British and Commonwealth Shipping, British Steam Specialties; Caledonia Investments, Crosby Woodfield, Dominion and General Trust, Hampton Gold Mining Areas, Hargreaves, Leopold Joseph, Milford Docks, Northern Securities Trust, Pauls and Whites, Tunnel Holdings, Westbrick Products.

FUTURE DATES

Interims—

Ashdown Investment Trust ... June 23
Lockers ... June 25
Winterbottom Energy Trust ... July 7

Finals—

Elswick-Hopper ... June 23
Imperial Continental Gas ... July 7
Plessey ... June 25
Sterling Industries ... June 19

Coutinho Caro falls £1.4m pre-tax

A £1.44m decline in pre-tax profits to £2.51m is reported by Mr H. A. Oppenheimer, chairman of Coutinho Caro and Co. of London for 1980, and he warns that the company has made an indifferent start to the current year. "We will have to struggle to equal 1980 results, let alone to repeat the record results of 1979," he states in his annual statement.

Turnover, of this unquoted supplier of steel, chemicals and industrial plant, fell in 1980 from £154.49m to £126.8m. The tax charge was lower at £240,454 (£1.63m) and, with minority profits taking £552,674 against £653,376, the attributable balance for the 12 months edged ahead from £1.67m to £1.72m.

The net final dividend is 6p, raising the total payment to 8p at a cost of £400,000 (£350,000).

The balance sheet at December 31 1981 shows shareholders' funds at £9.14m (£7.78m), fixed assets at £4.18m (£3.83m) and net current assets at £11.66m (£10.78m). On a CCA basis pre-tax profits were reduced to £2.23m.

Since the year end the company has made two acquisitions in domestic steel distribution. In January it purchased a small trading company in the Midlands and in April bought an 80 per cent stake in Anderson Brown and Co., an old established steel stockholding company based in Edinburgh.

BAT chief says profits will rise

SIR PETER MACADAM, chairman of BAT Industries, forecast a "*material improvement*" in attributable net profits this year, compared with 1980's £234m, provided that "present exchange rates still hold at the end of 1981."

In his speech at the annual meeting, Sir Peter said that he expected the group's overall trading profit to exceed that of 1980 in local currency terms as world tobacco sales continued *their upward trend in volume.*

Improvement in local profits should be enhanced by translation into sterling at more favourable dollar-rates than were ruling last December, although *other currencies have remained* weak. BAT's trading profits in 1980 were £467m after translation at year-end rates.

In response to a written question from the anti-smoking group Ash, which is seeking to have the matter raised in Parliament, Sir Peter admitted that senior civil servants would be among the group's guests at Wimbledon. It was important to maintain good relations with *Government officials and overseas* visitors and "very much in the interests of shareholders."

Sir Peter said that senior managers in BAT did not accept that there was a casual relationship between smoking and cancer. BAT was making no provision against possible damages in lawsuits alleging damage to health from smoking the group's products, as more than 100 cases fought so far had ended in favour of the cigarette manufacturers.

Sir Peter said that an ultra-low tar cigarette called "Barclay" which has been launched nationally in the U.S. had already achieved wide acceptance and was now establishing itself in an important and growing segment of the American market.

The U.S. was once again the strongest part of BAT's retailing interests, with particularly good results from Saks Fifth Avenue, and improved results from all four divisions of Gimbels. This performance had continued into 1981.

Sir Peter said that 1980 had been a poor year for the UK business as a whole and 1981 was not proving any easier. Although much destocking might have come to an end, there were few signs of an upturn and BAT "must now look to recovery later rather than sooner."

Viewing BAT's paper interests overall, Sir Peter said it would be difficult to match the 1980 profits. The revival of the dollar and weakness of the D-Mark still encouraged imports *from the Continent at uncompetitive margins.*

Sir Peter said there were long term prospects for international growth at Mardon Packaging, but much of Mardon's profits were closely tied to the fortunes of UK customers. Nevertheless, there should be some improvement this year.

Sir Peter announced the appointment of Mr Patrick Sheehy as his successor, with *effect from October 1982.*

Baker's Stores rises to peak £0.52m halftime

PRE-TAX profits of Baker's Household Stores (Leeds) improved from £397,152 to a record £522,528 in the half year to March 28 1981 on turnover £635,991 higher at £3.1m.

Sales in the first two months of the second half have increased, but not at the same rate as in the first half mainly because of the adverse weather conditions of spring and early summer, the chairman points out.

However, he says three new stores will be opened over the next few months which together with the first half profits should enable the group to report satisfactory results for the year.

The interim dividend is being effectively increased from 0.52p *to 0.65p net after allowing for* the one-for-four scrip issue—last year's final, equal to 0.8p, was paid from taxable profits of £872,191.

*The pre-tax profit for the half-*year was struck after interest received of £117,174 (£73,278). Last year's profit included the surplus on the disposal of fixed assets of £236,000, against nil this time.

Tax took £271,715 (£206,519) after which stated earnings per 10p share emerged higher at 5.02p (3.81p).

The company, which operates *self-service stores selling non-*food merchandise, is hoping to complete the acquisition of two freehold properties, one of which is its existing unit in Retford, previously held on a lease. The other is a replacement for a smaller branch at Mexborough.

British-Borneo invests £1m in oil and gas

A TOTAL of £990,000 has been invested in Western Canadian oil and gas ventures by British-Borneo Petroleum Syndicate, and of that total £355,000 was expended during the year to March 31 1981, Mr C. L. Nelson, the chairman, told the annual general meeting.

He said the main expenditures were in the Ochre area of Alberta. The company had not been successful in its drilling to date, but there remained a number of prospects in the three areas—Ochre and Meekwap in Alberta, and Boundary Lake in British Columbia. These would require further study before deciding upon a work programme, he said.

The company's expenditures in Western Canada for the current year were expected to be in the region of £250,000.

The company had recently taken steps to invest in oil and gas ventures and related activities in the U.S. This investment would be partly equity interests in a number of the smaller companies engaged in the business *and partly direct participations* in ventures. Expenditure for the current year was projected at about £2m.

Mr Nelson said the company had consistently taken, and continues to take, a favourable view of investment in the oil industry and held listed oil company shares which at March 31 1981, had a Stock Exchange value of nearly £12m, of which over £10m was unrealised profit.

For the current year, he said the company could expect a higher income from its investments, and continuing profits on realisations to give it a good result for the year.

As known, pre-tax profits for the year to end-March were down *from £1.59m to £1.1m.*

$ REPAYMENTS

General Consolidated Investment Trust has repaid, out of existing U.S. balances, the remaining $625,000 of its multi-currency borrowings.

General and Commercial Investment Trust has repaid, out of existing U.S. balances, the remaining $400,000 of its multi-currency borowings.

Scott's raises dividend on higher profits

TAXABLE profits of Scott's Restaurant in Mayfair increased from £91,540 to £121,748 in 1980 on higher turnover of £3.42m against £2.01m. A dividend of 3.52p will be paid compared to last year's 3.2p.

At half time pre-tax profit had been £29,249 (£65,477) on turnover of £1.1m (£930,637).

Earnings per 12½p share are stated at 62.36p against 16.3p.

There was a tax credit of £34,156 (debit £8,947) arising as a result of proposed legislation for stock relief. If there was no proposed change and the old *basis for stock relief applied,* earnings after tax would be £51,904, or 20.76p per share.

There was an extraordinary debit of £8,947 (nil).

Yearlings total £16.7m

Yearling bonds totalling £16.75m have been issued this week. The bonds, carrying a 13⅞ per cent coupon and redeemable on June 23 1982, have been issued by the following local authorities:

St Helen's Metropolitan Borough Council (£½m), City of Salford (£½m), West Dorset District Council (£½m), The District of Wrekin (£½m), Doncaster Metropolitan Borough Council (£1m), Borough of South *Tyneside (£½m), Council of the* City of Swansea (£1m), Borough of Chesterfield (£½m), The City of Glasgow District Council (£½m), Angus District Council (£1m), City of Bristol (£1½m), Inverness District Council (£½m), Metropolitan Borough of Solihull (£½m), West Yorkshire Metropolitan County Council (£½m), Dudley Metropolitan Borough Council (£½m), Merseyside County Council (£¼m), Rother District Council (£½m), Wirrall Borough Council (£1m), City of Sheffield (£2m), London Borough of Southwark (£2m), Woodspring District Council (£½m).

North Devon District Council has raised £½m by an issue of 14¼ per cent bonds dated June 15 1983 at par.

Yates Duxbury redundancies

As a result of their review of Yates Duxbury and Sons' trading *position, the joint* receivers, Mr A. R. Houghton and Mr G. J. Watts of chartered accountants Touche Ross & Company, concluded that they could no longer support the substantial losses being incurred. Consequently, the paper making activity has ceased and some 200 employees have been made redundant.

However, the joint receivers are continuing to extensively *market the business* both at home and overseas. Orders are currently being despatched from the company's substantial holding of finished stocks and it is felt that there should be no *disruption* to its established market for several weeks.

Downs Surgical back in the black in second half

TAXABLE PROFITS of Downs' Surgical improved in the second six months to £431,000, compared with £346,000 for the corresponding period last year, but following a loss in the first half the group ended the year to March 31, 1981 well down, the pre-tax surplus emerging £574,000 lower at £275,000. Sales rose from £14.36m to £16.24m.

The dividend for the year is being reduced by 1p to 0.6p net—no interim was paid.

The chairman's interim statement said the cash limits imposed upon the NHS had seriously affected the UK business.

The directors say that the return to profitability in the second half resulted from an *increased sales performance both* in the UK and overseas. The UK to export sales ratio was 44 per cent/56 per cent (47 per cent/53 per cent).

They point out that there has been a quiet start to UK sales in the current year but the buoyant level of export orders experienced in the latter months of 1980/81 is being maintained.

The pre-tax surplus for the year was after higher interest charges of £543,000 (£321,000) but was subject to tax of £142,000 (£100,000). There were exchange losses last time of £55,000, against nil this year.

At the attributable level there was a loss of £426,000 (£694,000 profit) after an extraordinary [illegible] of £559,000 (nil), which represented a provision for the costs of closure of the Tabard Street factory (announced in January), due to be completed before the end of 1981.

Year-end stock levels were slightly lower than at the beginning of the year despite continuing inflation and increased turnover, the directors say. Higher stock levels at the *interim stage were reduced* through the introduction of short-time working in the factories.

In all the circumstances, they say the payment of a small dividend is justified.

The company manufactures and supplies surgical instruments and appliances as well as hospital equipment.

H & C valuations

THE 1980 annual report of plantations and trading company Harrisons and Crosfield gives latest valuations of the group's UK properties as follows:

● the head office at Great Tower St, London at £6.7m which produced a surplus over book value of £6.5m;

● Sabah Timber Company properties at £12m which produced a surplus over book value of approximately £5.1m;

● Wilkinson Rubber Linatex properties at £2m which produced a surplus over book value of £1.7m.

In Malaysia, the fixed assets were valued at £173.6m. The book value of these assets at March 31 1980 was £39.8m giving a surplus on valuation of £133.8m.

These valuations have not been incorporated in the accounts.

Other properties in the UK and overseas which are included in fixed assets with a total book value of £30m have not been revalued.

As reported in the preliminary statement on June 3, the chairman says that 1981 is unlikely to see major expansion in world trade.

Plantations make the largest contribution to group profits. The higher Malaysian oil palm crop was offset by sharply reduced prices, but the rubber market remained steady. Cocoa suffered from lack of demand. Malaysian replanting and capital expenditure for the current year will absorb about £7m.

The accounts show that historical pre-tax profits of £51.02m (£58.38m) for 1980 are reduced to £39.1m on a CCA basis.

Fixed assets of the group at December 31 1980 were £122.51m (£111.35m), current assets £260.7m (£251.16m) including *bank* balances and cash of £7.33m (£5.87m), current liabilities £154.42m (£173.96m) including loans and overdrafts of £17.08m (£35.28m). Shareholders' funds were £210.32m (£152.88m).

Meeting is at The Baltic Exchange, St Mary-Axe EC, on July 16 at 11.15 am.

LONDON TRADED OPTIONS

June 17 Total Contracts 686 Calls 474 Puts 212.

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP (c)	330	28	24	44	10	56	—	348p
BP (c)	360	12	1	26	4	40	—	„
BP (c)	390	3	12	13	—	28	1	„
BP (c)	420	1½	—	7	2	15	—	„
BP (c)	460	1½	1	—	—	—	—	„
BP (c)	500	1½	1	—	—	—	—	„
BP (p)	330	7	75	13	2	19	—	„
BP (p)	360	19	84	30	3	32	5	„
BP (p)	390	44	30	46	—	46	—	„
BP (p)	420	74	—	76	—	76	2	„
Com. U'n (c)	160	10	25	17	—	23	—	161p
Cons. Gld (c)	460	25	—	40	1	53	—	465p
Cons. Gld (c)	500	8	—	22	3	35	—	„
Court'lds (c)	60	9	—	15	2	17½	—	68p
Court'lds (c)	80	1	—	3	10	5½	—	„
GEC (c)	650	37	4	63	—	88	—	675p
GEC (c)	700	11	—	35	5	58	—	„
Gr'd Met. (c)	180	33	—	36	5	45	1	221p
Gr'd Met. (c)	200	13½	50	24	1	32	3	„
Gr'd Met. (c)	220	3½	4	13	1	21	—	„
ICI (c)	250	32	3	42	—	56	—	288p
ICI (c)	280	14	22	30	11	42	—	„
ICI (c)	300	6	—	18	1	32	35	„
ICI (c)	330	1½	—	8	6	16	—	„
Land Sec. (c)	360	36	—	52	1	61	—	392p
Mks & Sp (c)	130	4	22	11½	2	17½	—	127p
Mks & Sp (c)	140	1½	—	6½	13	10	—	„
Shell (c)	330	34	45	44	—	52	—	356p
Shell (c)	360	11	—	24	4	34	1	„
Shell (c)	390	5	—	12	1	24	10	„
Shell (c)	420	3	—	7	1	13	—	„
		August		November		February		
Barclays (c)	360	70	—	73	1	—	—	425p
Barclays (c)	420	18	2	33	—	45	1	„
Imperial (c)	80	1½	5	3	—	6	5	79p
Lasmo (c)	600	18	4	35	—	58	—	589p
Lasmo (c)	650	8	—	20	1	—	—	„
Lonrho (c)	90	7½	6	11	—	15½	5	93p
Lonrho (c)	100	5½	—	5½	10	9	—	„
P & O (c)	120	16	—	20½	1	—	—	131p
P & O (c)	140	3	—	8	5	12	—	„
Racal (c)	360	18	5	34	—	47	—	365p
Racal (p)	360	16	11	19	—	23	—	„
RTZ (c)	500	35	11	60	1	72	—	510p
RTZ (c)	560	20	17	38	44	48	1	„

C=Call P=Put

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$450	—	—	—	—	3	71	$462.50
GOLD C	$475	1	20	—	—	—	—	„
GOLD C	$500	1	11	4	28	—	—	„
GOLD C	$525	5	8	88	21	—	—	„
GOLD P	$450	—	—	19	14	—	—	„
GOLD P	$475	1	16	3	26B	—	—	„
GOLD P	$525	10	60	—	—	—	—	„
		June		Sept.		Dec.		
GM C	$50	11	6¼	—	—	—	—	$55½
		July		Oct.		Jan.		
ABN C	F.280	20	30A	—	—	—	—	F.297
ABN C	F.300	34	5	—	—	—	—	„
ABN C	F.320	11	1.80	—	—	—	—	„
AKZO C	F.20	67	6.70	112	7.50	—	—	F.26.80
AKZO C	F.22.50	228	4.50	73	5	10	5.60	„
AKZO C	F.25	159	2.30	180	3.30	39	4.20	„
AKZO C	F.27.50	—	—	192	2	—	—	„
AKZO P	F.25	—	—	—	—	13	0.90	„
AKZO P	F.27.50	—	—	22	1.60	—	—	„
AMRO C	F.55	13	2.30	—	—	—	—	F.55
AMRO C	F.60	—	—	26	1.70	—	—	„
HEIN C	F.55	15	0.90	—	—	—	—	F.53.10
HEIN C	F.60	—	—	20	1.70	—	—	„
HOOG C	F.20	—	—	80	1.50	—	—	F.18.90
HOOG C	F.22.50	—	—	66	0.70	—	—	„
KLM C	F.80	11	47B	—	—	—	—	F.127.30
KLM C	F.110	50	19.50	41	23.50B	—	—	„
KLM C	F.120	62	11.50B	—	—	—	—	„
KLM C	F.130	168	6.80	69	14B	—	—	„
KLM C	F.140	23	3.30	—	—	—	—	„
KLM C	F.150	61	1.50	25	4.80	—	—	„
KLM P	F.55	10	0.10	—	—	—	—	„
KLM P	F.100	33	0.70	—	—	—	—	„
KLM P	F.110	108	1.30A	9	5.60	—	—	„
KLM P	F.120	545	3.70	12	10	—	—	„
KLM P	F.130	20	9A	—	—	—	—	„
NATN C	F.110	12	5.90	—	—	—	—	F.113.80
NATN C	F.115	16	2.80	10	6	—	—	„
NATN C	F.120	—	—	27	4	—	—	„
NATN C	F.125	—	—	14	2.20	15	3.20	„
PHIL C	F.17.50	—	—	45	7.30	—	—	F.24.30
PHIL C	F.20	391	4.50B	115	5.20	—	—	„
PHIL C	F.22.50	144	2.20	86	3.10	233	4.30	„
PHIL C	F.25	392	0.90	211	2.10A	161	3	„
PHIL C	F.27.50	10	0.20	265	1	859	1.80	„
PHIL P	F.22.50	—	—	50	0.40	—	—	„
PHIL P	F.25	—	—	54	1.60	15	1.80	„
RD C	F.80	20	3.50	65	6.30B	—	—	F.80.60
RD C	F.90	205	0.40	85	2.20	119	4.50	„
RD C	F.100	—	—	103	1	—	—	„
RD P	F.80	589	2.80	70	4.60	—	—	„
RD P	F.90	217	9.90A	49	11	—	—	„
RD P	F.95	45	15	—	—	—	—	„
UNIL C	F.140	20	6.60B	—	—	—	—	F.146.60

TOTAL VOLUME IN CONTRACTS 7588

A=Asked B=Bid C=Call P=Put

Former Pan Am chief to establish new airline

BY IAN HARGREAVES IN NEW YORK

MR DAN COLUSSY, a former president of Pan American World Airways, plans to start his own airline based on Dulles Airport between Washington and Baltimore.

Initial plans for the venture, to be called Columbia Air, were filed with the Civil Aeronautics Board. Mr Colussy said he would seek to raise finance to buy four DC9 aircraft in order to serve between Dulles and New York's La Guardia airport, Boston and Detroit.

A few months ago, Mr Colussy was the strategist behind a surprising attempt by UNC Resources, a uranium producer, to take over Western Air Lines. The attempt failed, although Western's fate is still in doubt, as a proposed merger between itself and Continental Air Lines has run into so far successful opposition from Texas International, which is itself trying to take over Continental.

Mr Colussy wants to start his new airline before the end of this year and will be entering an increasingly congested market, which has already generated the birth of two new carriers—New York Air and People Express, in the last year.

These small, non-union carriers are springing up throughout the U.S. to take advantage of lower costs and the increased operating flexibility made possible by airline industry deregulation.

Meanwhile, Texas International's efforts to gain control of Continental have received a setback with the loss of a Federal Court action to block a plan by Continental to issue 15.4m new shares to its employees—a manoeuvre which would eventually lead to Continental being controlled by its employees.

Texas owns 48.5 per cent of Continental and is awaiting a ruling from the Civil Aeronautics Board on the legality of the merger. It would see its holdings reduced to about 25 per cent under the stock issue formula. Texas, which has the same parent as New York Air in Texas Air Corporation, said it would appeal against the court ruling.

$30m for Austrian savings bank group

By Francis Ghilès

A $30m 10-year floating rate note for Zentrals parkasse of Vienna, was announced yesterday. It includes a minimum coupon of 5¼ per cent and a spread over the six month Libor rate of ¼ per cent. Joint lead managers of this issue are Credit Suisse, First Boston and S. G. Warburg.

The terms are slightly more expensive than those which another Viennese bank, Girozentrale, had to pay when it arranged a floating rate note three weeks ago. One reason behind this difference in terms is that while Girozentrale is a well established borrower in the Eurodollar bond market, Zentralsparkasse, the central institute for Austrian savings banks, is tapping the market for the first time.

Fixed interest dollar bond prices eased by about ¼ of a point yesterday in line with the trend in New York. Investors remain cautious about buying new paper.

The 14⅞ bond to 1986 for the World Bank announced on Tuesday was being quoted in pre-market trading yesterday at a 1¼-1½ per cent discount from its price of par, a discount which is greater than the 1¼ per cent selling concession.

Furukawa Electric is arranging a $50m 15-year convertible dollar bond through Nomura International. The indicated coupon is 6¼ per cent and the conversion premium is expected to be between 5 and 6 per cent.

The final terms of the $100m FRN for the Mortgage Bank of Denmark to 1989, which is being arranged by Kredietbank and Dai Ichi Kangyo, include a minimum coupon of 6 per cent.

In Switzerland, where secondary market bond prices gained a ¼ of a point yesterday, a $75m 10-year issue for Norges Kommunalbank Bank offering a coupon of 7¼ per cent was announced by Banque Gutzwiller Kurz Bungener.

Meanwhile, the SwFr 100m bond to 1991 for Nederlandse Gasunie was priced with a final coupon of 7¼ per cent by the lead manager Swiss Bank Corporation. This is ¼ per cent lower than expected, the result of very heavy buying interest, not least from foreign institutions.

The next public issue to be launched by Credit Suisse will be a SwFr 100m 10-year band for Tiroler Wasserkraftwerke which is expected next Tuesday.

RESPONSE TO PROTECTIONIST PRESSURE

Matsushita to step up foreign output

BY MAX WILKINSON IN OSAKA

MATSUSHITA ELECTRIC, Japan's largest consumer electronics company, is planning an important shift of its investment to foreign countries, partly as a response to protectionist pressures from the U.S. and Europe.

In the next few years the company plans to increase production in overseas plants, including those in Europe and the U.S., by between 20 per cent and 25 per cent, substantially more than the target for the company's sales increase which is 14 per cent a year. Its brand names include National and Panasonic.

Mr Toshihiko Yamashita, the president, said Matsushita intended to increase investment in plants overseas although it expected them to be less efficient than their equivalents in Japan.

However, he thought the possible reduction in profitability was less important in the long term than the company's effort to "establish and maintain co-operative relationships with other countries."

He said he was particularly anxious to offer Japanese consumer electronics technology and productivity know-how to other countries, although Matsushita expected to maintain its technological lead through research and development.

In the current year, Matsushita expects to spend $550m-$560m on R and D and $750m on capital investment.

Mr Yamashita said that exports of consumer items from the company's Japanese factories would not increase. The substantial growth expected in overseas sales would be met by overseas production.

The company, which has 39 manufacturing plants outside Japan including a television plant in Wales and factories in Spain and Belgium, is negotiating with Blaupunkt, the Bosch subsidiary, to set up a video tape recorder factory in West Germany.

This could be the first foreign factory set up by a Japanese company to produce what is rapidly becoming the most important consumer electronics product. Sales of VTR's accounted for 13 per cent of the group's consolidated sales of $13.69bn in 1980.

The British Government has been anxious to persuade Matsushita to set up a VTR plant in the UK but it appears the company's energies are concentrated on negotiations with Bosch.

Matsushita's plans for increased emphasis on overseas investment has brought considerable criticism from the company's labour union, which is anxious about the consequences of "exporting jobs from Japan."

However, the company believes it will maintain jobs in Japan through diversification into new sectors, particularly office automation and energy saving devices.

The company's efforts to become more multinational reflect pressure from the U.S. and EEC countries worried about Japanese imports and a general anxiety about the social consequences of Japanese technological superiority.

Mr Yamashita said: "I don't think the peace of the world can be maintained if the gap between the high technology and the low technology countries continues to grow."

Exports of technology and the setting up of overseas plants or joint ventures would depend on the company receiving requests from potential "host countries."

Connecticut General to consider bid

By Our New York Correspondent

CONNECTICUT General Mortgage and Realty, the U.S. real estate investment trust for which the UK's Coal Board Pension Funds have made a $267m takeover bid, said yesterday that it would call a board meeting to consider the offer, which was unselicited.

The meeting will be held by the middle of next week, but no exact date was given. An announcement on the Board's position will be made by June 26.

The trust has retained First Boston, the Wall Street investment firm, as its advisor.

The offer is worth $33 a share. Trading in Connecticut General's stock was suspended on Tuesday morning just before the bid was announced and it did not resume at the opening yesterday.

AT and T shows 11% rise in quarterly profit

BY DAVID LASCELLES IN NEW YORK

AMERICAN TELEPHONE and Telegraph, the U.S. telephone utility, yesterday reported an 11 per cent rise in earnings in the three months ending May 31, marking a slight improvement on its rate of return. This prompted Mr Charles Brown, the chairman, to say: What makes these results significant is that they were accomplished in the face of a still uncertain economy.

Net income was $1.62bn, or $2.06 a share, up from $1.46bn, or $1.99, in the same period last year. Revenue was $13.9bn, ahead from the $12.4bn of 1980. This brought net income for the 12 months ending May 31 to $6.3bn, or $8.28 a share, an increase of 9.7 per cent on last year's $5.8bn, or $8.01. The return on average equity in the latest quarter was 10.03 per cent compared with 9.83 per cent in the same quarter of 1980.

Mr Brown also noted that AT and T was now allowed to improve its capital recovery procedures, which meant expenses were higher in the short term. But in the longer term, he said this would strengthen AT and T's financial standing.

Earlier this week, Mr Brown testified to a Senate committee in favour of a bill to allow his company to enter new computerised forms of the information transmission business. He claimed that the opposition of competitors to the bill was based on their fear of AT and T's competition. But he stressed that the bill was worded in such a way as to prevent AT and T from subsidising its new services with profits from the telephone business.

French drug maker in U.S. link

BY OUR NEW YORK STAFF

G. D. SEARLE, the large U.S. drug company, yesterday announced a joint venture to market in the U.S. the products of Synthelabo, a French pharmaceutical company whose majority shareholder is L'Oreal.

Eventually the two companies plan to carry out joint research and development in the U.S.

Searle will have a management majority in the venture, although ownership stakes were not disclosed. The initial capitalisation of the venture is $35m.

Terms must be approved by the French authorities, following further detailed negotiations by the two parties.

Searle said that Synthelabo would supply a number of products to complement its own existing product lines in anti-hypertensive D. anti-convulsion and heart drugs. Searle's biggest selling drug worldwide are anti-hypertensives, sold as Aldactone and Aldactazide.

Mr Igor Demidoff, president of Synthelabo, said the company had considered several proposals for establishing Synthelabo in the U.S. and had chosen Searle because of its marketing abilities.

Searle already has joint ventures with two other European companies, Astra of Sweden and Knoll of West Germany.

Earlier this month, American Home Products, another large U.S. pharmaceutical company, announced a joint venture with Sanofi of France.

A & P cuts first quarter loss to $10.4m

By Our New York Correspondent

THE GREAT Atlantic and Pacific Tea Company, better known as the A and P supermarket chain, yesterday reported another large quarterly loss which it blamed partly on a sharp price war in major east coast markets.

The loss was $10.4m compared with the $15m loss a year earlier. But Mr James Wood, the chairman, noted that the result was "at the high end of the forecast range." He added: "It was aggravated by the outbreak of price wars in Philadelphia, Baltimore and Washington DC during the period."

A and P's sales in the quarter were $1.7bn, compared with $1.64bn in the first quarter of last year.

Mr Wood made no comment about A and P's outlook. The supermarket chain, which is majority-owned by the Tengelmann group of West Germany, has been going through a massive cost-cutting and restructuring exercise which has yet to produce steadily improving profits.

Mr Wood, who took over last year, said it would take two years to return to profitability.

Banks form leasing joint-venture

BY WILLIAM HALL, BANKING CORRESPONDENT

FINANCIAL INSTITUTIONS in four Nordic countries plus the UK have set up Nordic Leasing International (NLI) in The Hague, to offer a fully integrated international leasing service.

NLI is owned equally by A/S Factoring Finans (part of Den Norske Creditbank), Copenhagen Handelsbank, Kansallis Finance (part of Kansallis-Osake-Pankki), Nordic Leasing (a subsidiary of the London-based Nordic Bank), and Svenska Finans (a subsidiary of Svenska Handelsbanken). The banks claim that it is the first leasing joint venture of its kind.

NLI plans to combine the leasing expertise and coverage of its shareholders with that of its own network of subsidiaries, obtained as a result of the acquisition of the Stockholm-based Industrie Leasing AB (ILAB). The new venture will concentrate on Europe but hopes to expand further afield later.

It will concentrate initially on providing "sales-aid" leasing schemes for exporters of capital equipment and will utilise national export finance facilities where appropriate.

The chief executive of the new company is Mr Robert Munro, who is on secondment from Nordic Bank.

Mr Munro said yesterday that by dealing with one leasing company with subsidiaries in most Western European countries, exporters would be able to avoid unnecessary paperwork and reduce the delays involved in negotiations with individual local leasing companies.

Canada Cement to raise C$105m from Lafarge

By Robert Gibbens in Montreal

Canada Cement Lafarge is raising C$105m (US$87m) in equity capital through its parent company, Lafarge Coppée of Paris.

Canada Cement is the largest cement producer in Canada, and has both products and construction divisions. It also has major operations in the U.S.

Profits have been low because of the North American recession but are expected to recover this year.

The company plans to sell a block of Treasury shares to Lafarge Coppée for C$105m. This would raise the Lafarge Coppée holding from 54 per cent to more than 60 per cent. The price per share to Lafarge Coppée would be geared to the market price of Canada Cement shares at the time of the actual issue — between now and November 30. But there would be a minimum of C$14.47 per share.

Meanwhile, Canada Cement will receive the cash from the parent company and pay interest at normal market rates.

Canada Cement explained that the new equity is needed to support its growth plans in Canada and the U.S. Because the company's expansion opportunities are limited in Canada, a spokesman said that further penetration of the U.S. industry is likely.

Canada Cement had operating earnings in 1980 of C$23.5m or 96 cents a share against C$36.2m or C$1.89 per share in 1979. Sales were C$711m against C$618m.

Acquisition boosts Atco

By Our Montreal Correspondent

ATCO, the Calgary-based producer of pre-fabricated industrial buildings with fast growing oil and gas interests, earned C$42.3m (U.S.$33.8m), or C$1.94 per share, in the year ended March 31, well up on the C$22m, or 73 cents a share, of 1979-80.

Revenues were C$1.2bn against C$413m, and in the latest year include the results of Canadian Utilities from June 1980. Atco acquired 58 per cent of the utility in a share exchange with IU International of the U.S.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Monday July 13. Closing prices on June 17

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Am. Air. 16¼ 86 (WW)	55	100⅜	101⅛	−0¼	+0⅛	14.89
Amoco 13⅞ 88	75	95⅝	96⅛	−0¼	0	14.20
CIBC 14½ 84	185	98¾	99⅛	+0¼	+1½	14.39
CIBC 15⅝ 86	75	101	101½	−0⅜	+1⅛	14.87
CNE 12⅝ 91	100	88½	90	+0⅛	+0½	14.77
Citicorp O/S 12 87	200	91⅞	91⅞	−0⅛	+0⅜	14.04
Citicorp O/S 15½ 84	175	100⅝	101⅛	−0⅛	+2⅛	15.11
Con. Illinois O/S 9⅝ 86	150	84	84½	+0⅛	+1	14.34
Dupont Canada 13½ 91	65	96⅜	96⅞	−0⅛	+0⅜	14.12
EIB 12⅝ 89	75	89⅝	90⅛	−0⅛	+0⅛	15.01
Eldorado 13⅞ 86	50	94⅞	95⅛	−0⅛	+0⅞	14.70
Elec. de France 13 88	125	92⅝	93⅛	−0⅛	+0⅜	14.69
Export Dv Cpn 9½ 86	150	83	83½	0	+0⅛	14.73
Fed. Bs. D. 12¾ 85 (N)	50	92½	93	−0⅛	0	14.52
Fed. Bs. D. 15⅞ 84 (J)	40	101¼	101¾	+0⅛	+0⅞	15.09
Fin. Exp. Credit 10½ 85	50	85	85½	0	+1⅛	15.69
Finland, Rep. of 9½ 86	100	80⅛	80⅝	−0⅛	+0⅛	15.53
Ford Cr. O/S Fin. 16 84	150	102⅛	102⅝	−0⅛	−0¼	14.88
Gaz de France 13¾ 86	80	96¼	96¾	−0¼	+0⅜	14.53
GMAC O/S Fin. 12 87	100	88⅜	89⅜	0	+0⅜	14.78
GMAC O/S Fin. 12⅞ 88	100	91⅛	92⅛	−0⅛	+0⅜	14.80
Gen. Mtrs. O/S 11⅜ 87	100	88⅞	89½	−0⅛	+0⅜	14.51
Genstar 14⅜ 91	50	98½	99⅛	−0⅞	0	14.95
GTE Fin. 13⅜ 86 (WW)	50	96½	97	−0⅞	0	14.70
Hiram Walker 16 86	50	102⅝	103½	0	+0½	15.12
IBM Wld. Trade 12½ 88	200	96⅛	96⅝	−0⅛	−0⅜	13.28
Newfoundland 13½ 90	60	94⅞	95⅜	−0⅛	+0½	14.48
Nova Scotia 10⅜ 90	50	82⅛	82⅝	−0⅛	−0⅜	14.33
OKB 10 85	50	85⅜	86⅛	−0⅛	+0½	14.65
Ontario Hydro 13½ 91	100	95⅛	95⅞	−0⅞	+0½	14.32
Quebec Hydro 11½ 92	100	83⅛	83⅝	0	+0½	14.60
Queb. Hy. 13 91 (WW)	100	89⅛	89⅝	−0⅛	+0⅜	15.00
Royal Bk. Canada 14 86	100	98⅜	99¼	−0⅛	+0⅞	14.26
SNCF 13 91	75	92⅛	92⅝	+0⅛	+0⅜	14.47
Sth. California Ed. 14 87	50	97⅞	98⅛	−0⅜	−0⅜	14.45
Sven Handlsbk. 13⅜ 88	45	94⅜	94⅞	−0⅛	+1⅛	15.09
Sweden 12⅞ 85	150	91¼	92⅛	−0⅛	+0½	16.00
Swed. Ex. Credit 13 86	75	92⅛	92⅝	−0⅛	+1⅜	15.33
Swed. Ex. Cred. 15⅝ 86	50	100⅞	101⅛	−0⅛	+1⅛	15.39
Tordom Corpn. 15½ 86	25	†101½	101⅝	−0½	−0½	15.09
Toronto-Dom. Bk. 14 84	50	97¼	97¾	−0¼	+0⅛	15.09
Tribune O/S Fin. 14 86	50	97	97½	0	+0⅜	14.70
Wells Fargo Int. 15½ 84	50	100⅛	101⅛	−0⅛	+0⅛	[illegible]
World Bank 9⅜ 85	200	85½	86	−0½	+0⅛	14.72
World Bank 10⅛ 87	300	84⅛	84⅝	−0⅛	+0½	14.27

Average price changes... On day −0⅛ on week +0⅝

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	100	*99	99¾	+0½	+1⅞	10.09
Austria, Rep. of 8¾ 92	150	*86¾	87	+0⅜	+0⅜	10.29
CECA 7⅞ 92	150	*†86	86½	+0½	+1½	9.96
CECA 10 91	120	*†101	101¾	0	+1½	9.76
Cll-Honeywell 8¾ 90	125	*†88¾	89½	+0½	+1½	10.26
Council of Europe 10 91	100	*99¾	100⅛	0	+1½	10.03
EIB 8½ 90	200	*89¾	90	+0⅜	+2⅛	10.26
EIB 10½ 91	200	*†100¾	101½	0	+1½	10.30
ESCOM 9⅜ 87	100	*91⅞	92⅛	+0½	+0½	11.04
Finland, Rep. of 10 89	100	*98¾	99¼	+0¼	+1½	10.18
Iberduero SA 9 90	100	*†89	89¾	+1⅛	+2½	10.69
Ind. Bk. Finland 8½ 90	50	*†88⅛	89½	+0½	+1	10.36
Int.-Am Dv. Bk. 10 91	100	*†100¼	101	+0¼	+0⅞	9.88
Japan Air Lines 8⅛ 87	100	*92⅞	92⅞	+1⅛	+2⅛	9.73
Japan Dev. Bk. 7⅞ 87	100	*87¼	88½	−0⅛	+1⅛	10.23
Kobe, City of 8 90	100	*87⅞	88⅛	+1⅛	+2⅞	10.08
Midland Int. Fin. 8½ 90	180	*89¼	90	+0⅜	+1⅜	10.26
Nuclebras 9⅜ 88	100	*†85½	86	0	+0½	12.90
OKB 8⅛ 92	160	*†85½	88¼	+0½	+2	10.46
Oslo, City of 8⅜ 90	80	*90⅝	91⅛	+0¼	+0⅜	10.35
Venezuela, R. of 9⅜ 90	150	*94⅛	95⅛	+1⅛	+2⅛	10.84
World Bank 8 90	700	*86¾	87½	+0⅜	+3	10.23
World Bank 10 88	150	*100⅛	100⅞	−0⅛	+1⅛	9.85

Average price changes... On day +0⅜ on week +1⅞

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 6½ 91	60	95¾	96⅛	+1	+2⅛	7.00
BFCE 6½ 91	100	94⅞	95⅛	+0⅞	+0⅞	7.23
Bayer Int. Fin. 5⅝ 92	100	90⅛	90⅝	+0⅜	+1⅜	6.46
Bergen, City of 6⅜ 91	40	99½	99¾	+0½	+0⅜	6.60
Bhrmn.-Tetterode 7 90	40	98¾	99	0	+0⅛	7.17
CECA 6⅜ 91	80	95½	95¾	−0¼	−0¼	7.39
Denmark 5⅜ 90	80	87½	87¾	+0¼	−0½	7.70
Dome Petroleum 5½ 91	100	94½	94¾	0	−0½	6.51
Elet de France 5⅜ 90	100	†89	89½	0	+0⅛	6.85
Eurofima 5⅜ 92	80	†98½	99½	0	+0½	5.87
F. G. H. Hypo. Bk. 6 90	50	94¾	95	+0½	+2	6.78
Finland, Rep. of 5⅜ 90	80	88⅞	88⅞	−0½	+3	7.37
Franc. Petroles 6½ 91	80	96½	96⅞	+0¼	−1⅛	6.98
Genstar 7 91	100	102½	102¾	+0½	+0⅜	6.63
Int.-Amer. Dv. Bk 7 91	100	98⅝	98⅞	+0⅛	+0⅜	7.18
Japan Dev. Bank 5⅜ 90	100	94½	94¾	+0⅛	+1⅞	6.53
Mt. Blanc Tunnel 6½ 90	60	91	91½	+1⅛	+2⅞	8.60
Newag 5⅜ 90	80	91½	91¾	+0⅜	+0⅜	7.03
OKB 7 93	100	99⅞	100⅛	+0¼	+0½	7.01
Oslo, City of 5⅞ 90	80	92⅝	92⅞	0	+1⅛	6.95
Philips Lamps 5¾ 92	100	89½	90	+1⅛	+2⅛	6.56
Swed. Ex. Cred. 7¼ 91	75	97¼	97½	−0⅛	0	7.63
Trade Dev. Fin. 6⅛ 90	50	†91½	92½	+0⅞	+0⅜	7.34
Voest-Alpine 5⅜ 90	80	90	90¼	+0⅞	+0⅞	7.24
World Bank 6 91	100	93⅛	93⅞	−0⅛	+2⅞	6.90
World Bank 7 90	100	101½	101¾	0	+0⅞	6.74

Average price changes .. On day +0⅜ on week +0⅞

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 6⅜ 91	15	87⅞	88⅞	−0¼	+0⅛	8.49
Australia 6½ 88	20	85¾	86¾	+0¼	+0½	9.28
EIB 7⅜ 89	12	91⅞	92⅜	0	+0⅜	9.10
Finland 5.6 83	10	90⅞	91⅞	+0⅛	+0⅛	9.76
Finland 6.8 88	10	85¾	86¾	+0½	+0⅜	9.61
Finland, Rep. of 6⅜ 87	15	97⅞	93⅞	+0⅜	+0⅜	8.73

Average price changes On day +0⅛ on week +0⅜

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10⅜ 86 C$	60	87½	88½	+0¼	+0⅛	14.08
CIBC 13½ 85 C$	50	94⅜	95⅛	+0⅛	+0½	15.40
CIBC 11½ 85 C$	60	86⅞	87⅞	0	+0⅛	15.92
Federal Dev. 11½ 90 C$	60	†81⅛	82⅛	0	+0⅜	15.34
Fst. Can. Inv. 10 84 C$	50	†86⅜	87⅛	+0⅛	+0½	16.02
R. Bk. Canada 10 86 C$	40	89	90	0	−0⅜	13.01
Tordom Cpn. 13½ 85 C$	30	†94⅛	95⅛	+0½	+0½	15.26
M. Bk. Dnmk. 9 91 EUA	25	87⅛	88½	0	−1⅛	10.99
SOFTE 8⅜ 89 EUA	40	87⅛	88⅛	0	0	10.60
U. Bk. Nwy. 9½ 90 EUA	18	96	97	0	−0½	10.11
Algemene Bk. 10⅛ 86 Fl	60	96⅜	95⅞	0	+0⅞	11.47
Bk. Mees & H. 10 85 Fl	75	94⅜	94⅞	+0⅛	+0⅞	11.74
Heineken NV 10 87 Fl	100	93⅛	94	−0⅛	+0½	11.47
Nat. Nedrlndn. 10 88 Fl	60	94⅜	95⅛	+0⅛	+1⅜	11.08
Ned. Midd. Bk. 10 85 Fl	75	93⅞	94⅛	+0⅛	0	11.81
Pierson 10⅛ 86 Fl	50	94½	95	−0⅛	+0⅛	11.73
Air France 14½ 86 FFr	200	91⅜	92⅜	0	−0⅞	18.97
Bk. America 14½ 86 FFr	250	89⅞	90⅞	−0⅛	−1⅛	17.56
Charb'nages 13⅞ 85 FFr	400	90⅞	91⅞	0	−0⅛	18.66
EIB 14½ 88 FFr	300	86⅞	87⅞	0	−2⅞	17.81
La Redoute 14⅜ 85 FFr	125	87⅜	88⅜	−0⅛	−1⅛	18.32
OKB 14 86 FFr	400	91⅜	92⅜	+0⅛	+0⅛	16.43
Solvay et C. 14⅜ 86 FFr	200	99	100	−0⅛	−0⅜	14.84
Swed. E. C. 14⅜ 86 FFr	250	90½	91½	+0⅛	−0⅜	17.49
U. Mex. Sts. 14 85 FFr	150	89⅜	90⅜	+0⅛	−0⅞	17.81
Acona 14 85 £	20	94⅜	95⅛	+0⅛	+0⅜	15.60
Beneficial 14½ 90 £	20	87⅞	88⅞	+0⅛	+2⅛	16.72
BNP 13½ 91 £	15	90⅜	91⅛	0	+0⅜	15.27
CECA 13½ 88 £	20	92⅞	93⅞	+0⅛	+1⅞	15.15
Citicorp O/S 13½ 90 £	50	94⅛	95	+0⅞	+1½	14.59
Fin. Ex. Cred. 13⅜ 86 £	15	93⅜	94⅜	+0⅛	+0⅜	15.57
Gen. Elec. Co. 12½ 89 £	50	89	89½	+0⅛	+1	14.86
Hiram Walker 14⅜ 86 £	25	96	96¾	+0⅛	+1⅛	15.32
Privatbanken 14½ 88 £	12	92½	93⅛	+0½	+1⅛	16.30
Rothschild 14⅜ 90 £	12	94⅜	95⅛	0	0	15.32
Royal Trustco 14 86 £	12	96	96¾	+0⅛	+0⅞	15.07
Swed. Ex. Cr. 13⅜ 86 £	20	94⅛	95	−0⅛	+0⅛	15.37
Banobras 8⅜ 90 KD	7	†90	90½	0	0	9.96
CCCE 8½ 91 KD	10	†82⅛	83⅛	0	0	11.05
Sonatrach 8½ 90 KD	12	†93	93½	0	0	9.66
Akzo 9⅜ 87 LuxFr	500	89⅜	90⅜	0	+2⅜	11.56
Euratom 9⅜ 88 LuxFr	500	86⅜	87⅜	0	−0⅜	12.82
Eurofima 10½ 87 LuxFr	500	90⅞	91⅞	0	−0⅜	12.52
EIB 9⅜ 88 LuxFr	600	89⅜	90⅜	0	−0⅛	12.03
Volvo 9⅜ 87 LuxFr	500	86⅜	87⅜	0	0	12.76

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5¼ 90	0¼	99½	100	18/6	19½	19.55
Bank of Tokyo 5⅜ 89	§0⅛	98½	99	25/7	16½	16.71
BBL Int. 5 86	0⅛	100	100½	20/11	18.31	18.27
BNP 5½ 88	§0⅛	99	99½	28/7	16.44	16.56
CNT 5⅜ 86	§0⅛	99⅜	99⅞	16/10	16.81	16.88
Christiania Bk. 5½ 91	§0⅛	98	98½	6/8	17.31	17.62
Citicorp O/S Fin. 84	§0	98⅜	99⅛	30/6	18⅝	19.09
C. Itoh 5⅜ 87	0⅛	98⅜	99⅛	18/9	15.44	15.59
Co-operative Bk. 6 86	0⅛	99⅞	100⅛	15/11	19.56	18.54
Den Norske Credit 6 90	§0⅛	98⅛	99⅛	5/8	17.31	17.49
Gonfinance 5⅛ 87	0⅛	99⅛	99⅜	30/10	16.94	17.04
Giro und Bank 5⅜ 91	§0⅛	98⅜	98⅞	23/6	14.06	14.26
GZB 5½ 89	§0⅛	98⅞	99⅛	1/8	17.31	17.47
GZB 5⅜ 92	§0⅛	98⅛	99⅛	5/9	17⅛	17.42
Ind. Bank Japan 5⅜ 87	0⅛	99⅛	99⅞	15/10	17.06	17.13
Ind. Bank Japan 5⅜ 88	0⅛	99	99½	9/10	16.44	16.56
Lloyds Eurofin 8 90 £	0⅛	96⅞	97⅛	3/7	14⅞	14.93
Lloyds Eurofin 5⅜ 92	0⅛	99½	99⅞	4/12	17.44	17.55
LTCB Japan 5⅜ 85	0⅛	99⅛	100⅛	13/12	17⅛	17.27
Man Hanov O/S 5⅜ 94	§0⅛	99½	100	30/8	19.06	19.11
Merrill Lynch O/S 87	0⅛	100⅛	100⅞	7/8	20.44	20.31
Midland Int. Fin. 5⅜ 92	0⅛	98⅞	99⅞	6/12	17⅛	17.44
Midland Int. Fin. 9 91	0⅛	98⅛	98⅞	30/10	16.81	17.07
Nacional Fin. 6⅜ 86	0⅛	99⅛	99⅞	25/7	17⅛	17.86
Nacional Fin. 6½ 88	0⅛	96⅞	97⅛	25/9	14⅞	15.32
Nat. Bk. Canada 5⅜ 88	0⅛	97⅛	98⅛	24/9	14½	14.80
Nat. West. 5⅜ 94	§0⅛	97⅞	98⅛	14/10	16.19	16.50
Nat. West. 5⅜ 92	§0⅛	98	98½	23/10	16.81	17.11
Pemex 6 91	0⅛	97⅛	97⅞	8/10	15.31	15.71
Sparebanken 6 87	0⅛	98⅞	99⅛	19/6	19⅞	20.05
Standard Chart. 5⅜ 90	0⅛	99	99½	3/9	17.06	17.19
Svenska Hndlsbk. 5 87	0⅛	99⅛	99⅞	15/7	17.81	17.88

Average price changes .. On day 0 on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Bow Valley Inv. 8 95	4/81	23.12	99⅛	100⅞	−0⅞	17.86
Canon 6⅜ 95	1/81	829	176⅞	178⅞	−2⅞	−2.59
Credit Suisse 4⅜ 93	10/79	1236	88⅛	88⅞	+2⅛	−3.46
Digicon Fin. 8½ 95	10/81	29.5	105⅛	106⅛	−0⅛	8.77
Fujitsu 5½ 96	7/81	732	106⅞	107⅞	+0⅛	9.98
Hanson O/S Fin. 9½ 96	8/81	2.74	95	96½	−0⅜	−0.91
Ina Overseas 8⅜ 2000	4/81	42	117	118	−1⅛	−0.80
Inchcape 8 95	2/81	4.65	82	83½	0	2.54
Kotobukiya Co. 7 96	4/81	619	†98⅛	99⅛	−0⅛	0.18
Marion Int. Fin. 9 95	12/80	16.5	84	86	+3⅛	30.06
Matsushita El. 7½ 95	11/80	590	100⅞	101⅞	−2	−2.56
NKK 6½ 96	7/81	188	118⅛	119⅛	+5⅛	25.37
Ricoh 6⅜ 95	8/80	604	140⅛	141⅞	−0⅛	−1.82
Sumitomo M. Ind. 7 95	2/81	181	156	157⅛	+2⅛	4.65
Swiss Bk. Cpn. 6⅜ 90	9/80	200	76⅛	78⅛	+0½	24.96
Taylor Woodrow 8⅜ 90	1/81	4.94	90	91⅛	−0⅛	0.46
Tokyu Land Cpn. 7⅜ 96	4/81	325	87⅛	88⅛	−3⅛	9.53
Transco Int. 8⅜ 95	2/81	68	82	83⅛	−0⅛	40.89
Tricorp 8½ 95	12/80	31.25	82⅛	84	0	21.00
Union Bk. Switz. 5 89	2/80	70.79	75⅛	77⅛	+0⅛	2.88
Fujitsu 5 84 DM	7/79	431.5	*198⅛	197⅛	−3	−1.02
Sharp Cpn. 6½ 88 DM	9/80	585	*181⅛	192⅛	0	−0.91
Uny Co. 6½ 85 DM	11/79	879.3	*120	121	+0⅛	−3.02

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

VONTOBEL EUROBOND INDICES

14.5.76 = 100%

PRICE INDEX	9 6 81	16 6 81	AVERAGE YIELD	9 6 81	16 6 81
DM Bonds	85.98	86 74	DM Bonds	10 681	10 513
HFL Bonds & Notes	90 93	91.31	HFL Bonds & Notes	11 118	11 107
U.S. $ Strt. Bonds	83.90	83 84	U.S. $ Strt. Bonds	13 387	13 372
Can Dollar Bonds	83 57	83 73	Can Dollar Bonds	13 732	13 804

Swedish Match earnings hit by depressed demand

BY WESTERLY CHRISTNER IN STOCKHOLM

SWEDISH MATCH, the diversified industrial group, blames depressed demand for several key products for a sharp setback in the first four months *of this year. Earnings for the* period declined by SKr 50m to SKr 13m ($2.6m) on consolidated sales down 3 per cent at SKr 2.08bn.

For 1981 as a whole the management expects operating profit to stay at last year's level of SKr 317m, but only if the "extremely low" rate of construction in Sweden does not deteriorate further. This conforms with the forecast made in April by Mr Gunnar Dahlsten, the *managing director.*

The Katrinefors companies, which produce board, windows, doors and furniture, are particularly affected by the continued slump in domestic building demand. Katrinefors *returned an operating loss of* SKr 7m in the four months against a SKr 24m surplus in the corresponding period of 1980. Sales rose 2 per cent to SKr 528m.

Swedish Match says that net financial items for 1981 are to be "considerably worse" because of higher interest rates in many countries and negative currency translations, including a strengthening of the krona against several currencies in European export markets. In 1980 net financial charges dropped from SKr 88m to SKr 85m.

Moreover, group restructuring plans being carried out are not expected to help earnings before 1982.

Operating earnings in the four months for the match operation, the groups main source of cash, fell by SKr 5m to SKr 33m on a 2 per cent sales rise to SKr 442m. During the period Match acquired Van Poppel, a Dutch state-owned company manufacturing disposable lighters, strengthening Match's position on the European market. The unit also acquired Universal Match of the U.S.

Semperit cuts losses by half

BY PAUL LENDVAI IN VIENNA

SEMPERIT, the Austrian tyre group, has reduced its losses sharply for the second year running with a deficit of Sch 145.4m ($9m) for 1980.

*The loss is in line with fore*casts made by the company last November and compares with deficits of Sch 296m for 1979 and Sch 600m a year earlier.

Dr Franz Leibenfrost, the director-general who came into Semperit in 1979 as part of an injection of new management by the major shareholder, Creditanstalt Bankverein, said yesterday that sales improved by 8 per cent to Sch 9bn in 1980.

He added that in the first five months of the current year turnover had continued to grow, rising by more than 7 per cent to Sch 3.6bn, with exports accounting for more than half the total.

Group cash flow was Sch 251m, against a negative Sch 7.3m a year earlier. Capital spending last year totalled Sch 312m for the parent company and Sch 412m for the group as a whole. Sales of tyres rose *by 11.9 per cent to* Sch 5.5bn.

According to Dr Leibenfrost, order books on the whole remained "relatively satisfactory." By cutting out loss-makers and general rationalisation an "important step was reached last year on the road to consolidation."

Dr Franz Leibenfrost
Shedding loss-makers

Semperit, which is the second largest industrial company in *Austria outside the public sec*tor, has been in financial difficulty for a number of years. At the beginning of 1979 it was forced to severe its links with Kleber-Colombes of France.

Tyres account for about 60 per cent of Semperit's annual sales. It has a market share of 70 per cent in Austria for truck tyres and around 40 per cent for other classes of tyre.

● Simmering Graz Pauker, the nationalised heavy engineering company, is not paying a dividend for 1980 against 5 per cent for 1979 and 5 per cent plus a bonus of 2 per cent for 1978.

Announcing this, Mr Kurt Kirchner, director-general, said that the lack of major domestic orders and the risks involved in large investment projects abroad made it necessary to conserve funds.

Turnover last year rose by 28.5 per cent to Sch 3.59m but *gross operating revenues fell* by Sch 6.9m to Sch 1.33m. The company lost two domestic orders for power plants worth Sch 2bn which it had expected to receive, while a power plant project in Tunisia caused heavy losses.

Group order book is currently worth Sch 6.6bn. Exports as a percentage of sales last year rose from 24.8 per cent to 41.4 per cent.

Sabena moves deeper into red

BY LARRY KLINGER IN BRUSSELS

SABENA, the Belgian national airline, moved deeper into the red last year with a loss of BFr 1.58bn ($41.5m) despite an 11 per cent increase in turnover to BFr 23.2bn.

The board of the flag-carrier, which is 90 per cent government-owned, yesterday cited rising fuel and wages costs as partly responsible for the decline but said that "the most serious single factor" was a lack of financial resources to cope with current economic pressures.

The board said that, because it lacked financial leeway, the airline was forced to borrow on unstable world markets, with repayments at very high interest rates "leading to a self-creating loss situation."

The 1980 loss was nearly two-*and-a-half times* the previous year's deficit of BFr 671m.

The airline's revenue gains through tariff increases had been cancelled-out by the soaring cost of fuel. Sabena's fuel costs in the year rose by about 53 per cent compared with 1979 to nearly BFr 6bn.

Sabena is now proposing to the Government a slimming operation that would involve a reduction in its route network and taking out of service its remaining four Boeing 707 airliners.

The airline also says that it has completed its 1980 modernisation programme. This involved putting into operation a new air freight terminal at Brussels International Airport, increasing its fleet of DC-10 widebodied *Trijets* from three to five and introducing a second Brussels-Tokyo service via the North Pole.

Sabena's full results for 1980 are due to be published in September.

Smit ahead in first half

By Charles Batchelor in Amsterdam

SMIT INTERNATIONALE, the Dutch ocean towage and salvage group, reported a strong profits recovery for the first half of the year ending September, 1981. Profits dipped sharply last year and Smit was forced to cut its dividend.

Operating profit more than quadrupled in the six months to Fl 19.3m ($7.4m) from Fl 3.9m *and at the net level profits rose* to Fl 9.1m from Fl 2.5m.

The result of non-consolidated companies more than doubled to Fl 2.3m while Smit slightly reduced its net interest charge to Fl 8.7m. Equipment sales produced a loss of Fl 200,000 compared with a profit of Fl 900,000, while extraordinary items showed a profit of Fl 1.2m against Fl 4.3m.

The company paid Fl 4.8m in tax compared with the first half of last year, when it received a tax rebate of Fl 2.1m.

Chung group buys out major partners in OUR

BY ADRIAN BOVEN IN HONG KONG

A BOARDROOM shake-up between the four major partners of Overseas Union Realty (OUR) has ended with Mr C. M. Chung, the chairman, buying out most of the share holdings of the other three, through a listed company he controls, Eda Investments.

OUR, a property development *company, was formed in Novem*ber as a joint venture between Mr Chung, Sun Hung Kai Securities (SHK), the Carrian group and the Far East group, *all major developers in Hong* Kong.

The investing public subsequently picked up about 25 per cent of the company through a one-for-four rights issue to which the partners did not subscribe. But the four began to fall into disagreement earlier this year over suggestions that the Far East group was selling its OUR shares on the market and depressing the price. In order to prevent further depression of the shares, Mr Chung, through Eda, bought Far East's remaining holdings.

This left him in control of more than 30 per cent of OUR, a higher percentage than was held by SHK, which had previously been the largest shareholders and was managing the company. SHK, dissatisfied with being in a minority position began negotiations with *Mr Chung to pull out of OUR,* and this prompted Carrian to sell some of its holdings too.

The end result, announced yesterday, is that Eda will buy 85m shares, or 23 per cent of OUR, from SHK and 21m shares or 5.6 per cent, from Carrian for an average of HK$ 3.60 a share, or a total of about HK$ 382m (U.S.$70m).

ENI plans to reorganise foreign finance offshoots

BY OUR ZURICH CORRESPONDENT

ENI, the Italian state oil, gas, and industrial group, plans a major reorganisation of its international holding and finance companies, according to Dr Florio Fiorini, the finance director. Speaking in Zurich, he *said the move was necessary* to build up the group's financial presence abroad.

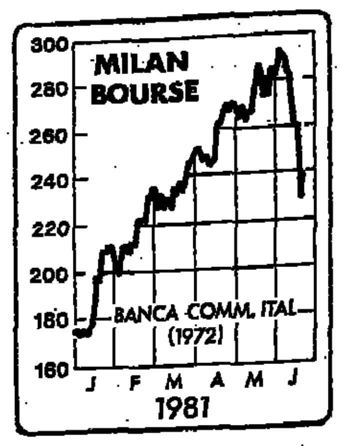
The activities of Hydrocarbons International (Curacao) and Hydrocarbons Bank (Cayman) are to be taken over "as soon as possible" by Hydrocarbons International Holding Company, of Zurich, and Hydrocarbons International Holding S.A. of Luxembourg.

ENI Foreign Finance would then have three basic functions: holding activities through the Luxembourg company; raising of medium- and long-term credit through the Zurich subsidiary; and arranging short-term credit through the Nassau-based Tradinvest Bank and Trust Company.

He added that it planned to increase the Luxembourg company's capital from $110.8m to about $20m initially, with subsequent augmentations to, per*haps more than $575m.*

ENI, which has until now held 99.25 per cent of the Luxembourg subsidiary's capital, would in future control only about 51 per cent. The remainder would be distributed among major operating affiliates.

*As for Hydrocarbons Inter*national Holding Company, of Zurich, ENI planned "substantially to increase its activity in order to develop its role of financing the companies of the ENI group for their international operations." At present, the Zurich unit has total assets *of* SwFr 886.2m ($434.4m) and capital and reserves of SwFr 525m.



Emergency rules for Milan Bourse

By James Buxton in Rome

THE MILAN Bourse recovered yesterday after the heavy falls of Tuesday. The rally followed the enforcement of emergency rules forbidding any share transactions not settled at once in cash.

The new rules were imposed by the Consob, Italy's stock market regulatory body to limit speculation on a temporary basis after Tuesday's heavy shakeout, which took the Banca Commerciale index down by almost 8 per cent.

Provisional estimates indicated that prices had risen *more than* 5 per cent yesterday, which should be compared with the provisional estimates of a fall of 6 per cent on Tuesday. Several *individual* shares *closed* above the level at which they stood before Tuesday's falls.

Fiat shares put on 11.1 per cent, to stand at above Monday's closing level, and Montedison did the same to close with a gain of 13 per cent on the day. Toro, the *insurance company controlled* by Sig. Roberto Calvi, the banker now on trial, more than recovered its losses of Tuesday.

The contrasting outcome of two days' trading partly reflects the natural volatility of the Milan market caused by the general shortage of tradable stock in most issues.

The measures announced late on Tuesday by the Consob, which has recently been given a new board and has been flexing its supervisory muscles, were aimed at stopping speculative operations. A particular target was the practice of selling short—the sale in a falling market of shares not actually held by the seller for settlement at what he hopes will be a lower price.

The measures were received with some dismay by market operators but, despite some uncertainty, appear to have had the effect of stemming the mood verging on panic which the bourse suffered on Tuesday. That day's fall was the culmination of 10 trading days of increasingly steep decline in share values, which by Tuesday night had taken the Banca Commerciale index down by 21.4 per cent.

But even before yesterday's recovery share prices were still about one-and-a-half times the level at which they stood at the beginning of 1980.

The long-awaited fall was occasioned by uncertainty about Italy's political crisis, the current trial of Sig. Roberto Calvi and other leading financiers, fears about the *consequences of the Socialist* election victories in France and deepening uncertainty about the Italian economy.

Volvo to sell Renault cars

By William Dullforce in Stockholm

VOLVO WILL take over responsibility for the marketing of Renault cars in Scandinavia from the end of this year, the Swedish motor group announced yesterday.

This is a further step in the co-operation between the Swedish and French car manufacturers which started when Renault bought 10 per cent of Volvo Car Corporation last year. That stake will be raised to 15 per cent this year.

STRONG DEMAND FROM CAR INDUSTRY

Record profit at Nippon Seiko

BY YOKO SHIBATA IN TOKYO

NIPPON SEIKO, a leading manufacturer of bearings and machinery parts raised earnings to a record level for the year ended April 30 1981, mainly because of a strong demand from car, machine tool and other machinery makers.

Nippon Seiko's operating profits rose by 19.3 per cent to a record Y15.43bn ($70.14m). Net profits at Y7.56bn ($34.45m) were up 15.2 per cent and provided another record result. Sales of Y182.87bn ($831m) were up 9 per cent on the previous year's level. Per share profits rose to Y24.57, compared with Y24.20 in the previous year. The dividend is increased by Y0.50 to Y7.00 for the year.

Sales of ball joints to the car industry gained 39 per cent, rising to Y11bn. However, exports fell by 17 per cent to Y27bn, partly because of the completion of bearing plant exports in the previous business term and partly because of overseas manufacture of bearings reached nearly 50 per cent of total overseas sales.

Nippon Seiko's production capacity of bearings in the U.S., UK and Brazil reached a monthly average of 7m units, up 30 per cent over the previous year.

Higher costs as a result of utility and raw materials price increases were offset by rationalisation efforts in manufacturing and sales. However, declining export profitability caused by the yen's appreciation increased the ratio of costs to sales by 0.3 of a percentage point to 78 per cent. Offsetting these factors were the effects of increased mass production and improvement in financial balances.

In the current fiscal year to April 1982, Nippon Seiko's sales are expected to reach Y195bn, up 6.6 per cent, on the strength of brisk demand from industrial machinery and electric companies which are expected to compensate for reduced demand from the car industry.

Operating profits are forecast at Y16.5bn, an increase of 6.9 per cent and net profits at Y8.5bn, up 12.4 per cent over the previous year.

MUI in HK$600m property buy

BY WONG SULONG IN KUALA LUMPUR

ONE OF Malaysia's fastest-growing companies, Malayan United Industries (MUI), is to buy a large part of an important building in Hong Kong for nearly HK$600m (U.S.$109.8m). It is the largest building purchase made by a Malaysian company.

MUI said it would buy letable office and commercial space totalling more than 203,000 sq ft—the gross area of 275,700 sq ft—in the East Ocean Centre for HK$593.5m from Sai Ling Realty of Hong Kong.

The deal would be satisfied by a cash deposit of HK$4m and the issue of 16.87m new MUI shares valued at 15 ringgit (U.S.$6.44) each. MUI's one ringgit nominal shares are being traded in Malaysia at around 22 ringgit.

The East Ocean Centre is a 17-storey building in the shopping and entertainment Tsimshatsui district in Kowloon, and MUI said the acquisition was in line with the group's expansion and diversification policy.

It said the net asset backing of MUI would be increased by 2.43 ringgit per share with the deal.

It is the second property deal that MUI has struck with Hong Kong companies in the past two months.

In April it reached agreement with Swire Properties, a subsidiary of the Hong Kong-based Swire Group, to purchase the 22-storey Oriental Plaza building in Kuala Lumpur for 100m ringgit (U.S.$42.9m).

The deal was satisfied through the issue of 6.67m MUI shares, again valued at 15 ringgit each.

MUI began as a small investment company listed in the Kuala Lumpur Stock Exchange, but has moved aggressively with major acquisitions in Malaysia, Singapore and Hong Kong since it came under the control of prominent Malaysian banker, Datuk Khoo Kay Peng, two years ago. Datuk Khoo is vice-chairman and chief executive of Malayan Banking, Malaysia's largest bank.

Elscint sales advance by 50%

By L. Daniel in Tel Aviv

ELSCINT, the Haifa-based manufacturer of medical scanners and nuclear medical equipment, reports that its sales reached a record $42.6m in the year ended March 31, a rise of nearly 50 per cent, while its after-tax profits were up by 228 per cent to $5.14m.

Bache Halsey Stuart and Shields, the U.S. brokerage firm and the first underwriters for Elscint shares in 1972, predicts annual sales of $70m for 1981-82. Its shares are traded on the U.S. over-the-counter market. Last week Pfizer, which accounted for 15 per cent of the U.S. market in compterised tomographic scanners, now Elscint's main product, announced that it was ceasing operations in this field, leaving the door open for Elscint to become the third largest supplier of scanners on the U.S. market after General Electric and Siemens.

While scanners accounted for about 70 per cent of sales in the past year, nuclear medical imaging equipment, introduced by Elscinet in June 1980, and new ultrasound imaging equipment are expected to account for some $35m of sales in 1982.

In view of the importance of the U.S. market, Elscint has set up an ultrasound equipment manufacturing unit and a spares depot in Massachusetts. The company also has a European sales network.

Unchanged earnings at Otis Elevator

By Our Johannesburg Correspondent

OTIS ELEVATOR, the South African lift and escalator manufacturing company, in which the U.S.-based United Technologies has a 70 per cent stake, performed in line with expectations in the six months to May 31, with unchanged pre-tax income of R3.9m (U.S.$4.53m). Tax was also unchanged, leaving first half net income at R2.23m.

The company has changed its accounting practices and instead of taking profits into account on completion of contracts it is now taking profits as a percentage of completion. It is believed this smooths out profit flows.

It said competition remained fierce, but that it was maintaining its market share.

An interim dividend of 12 cents has been declared from first-half earnings of 13.1 cents a share. Last year first-half earnings were 13.1 cents but a 20 cents interim dividend was paid in line with the company's strategy of reducing its distributable reserves. For the year to November 30, 1980, when pre-tax profits were R8.1m and earnings per share 28.7 cents a total dividend of 40 cents was paid.

Kirsh counter-bid for AA Mutual succeeds

BY JIM JONES IN JOHANNESBURG

KIRSH INDUSTRIES' counter bid for AA Mutual, the South African insurer, has succeeded, with Kirsh acquiring 58 per cent of the issued ordinary shares for about R13.3m ($15.47m).

The remaining 42 per cent of AA Mutual will be retained by the Automobile Association of South Africa. When the deal has been approved by the Automobile Association's members and the registrar of insurance, Kirsh proposes to merge AA Mutual, which has short- and long-term insurance activities, with its 75 per cent-owned insurance arm, Constantia Insurance. Kirsh's other interests include wholesaling and wine retailing.

Constantia reported gross premium income of R15.2m for the six months to August 31, 1980, and the merged companies are expected to have a combined annual gross premium income of about R130m.

Kirsh's bid has thwarted an earlier offer, thought to be worth R20m by Mutual and Federal, the Old Mutual's short-term insurance arm, life insurer Ned-Equity and Sage Holdings. That bid would have resulted in a division of AA Mutual's assets among the three.

Kirsh proposes to keep intact AA Mutual's assets and believes the merger will strengthen Constantia in what is currently a highly competitive short-term insurance market.

BNZ Finance strongly ahead

BY DAI HAYWARD IN WELLINGTON

BANK OF NEW ZEALAND FINANCE, the financial arm of the Bank of New Zealand, has recorded a record profit of NZ$1.6m (U.S.$1.6m) for the year to March 31, to show a gain of 40 per cent on the previous year. The gain was helped by continuing inflation.

There was strong demand for loans, which rose 58 per cent to NZ$50.9m. During the year the company recorded considerable fluctuations in its interest rates, which went, for instance, from 14.5 per cent on debentures to 12.75 per cent and then back to 14.5 per cent.

Production cut hurts PIL

By R. C. Murthy in Bombay

POLYOLEFINS INDUSTRIES, India's only producer of high-density polethylene, has reported a sharp fall in production and earnings for 1980.

Sales, however, registered a 15 per cent rise to Rs 429.1m ($50m) in 1980 because of an increase in prices to compensate for escalation in the costs of its petroleum-based raw material. Profits before tax dropped 31.3 per cent to Rs 37.5m, but the dividend is maintained at 16 per cent.

The decline in HDPE production to 20,823 tonnes in 1980 from 25,910 tonnes in 1979, resulted from lower supplies of ethylene from another company in the grouping, Mafatlal National Organic Chemical Industries, which operates a naphtha cracker.

The outlook for 1981 has improved with better availability of raw materials and recovery at Mindia Chemicals, an ailing company taken over from Monsanto of the U.S.

PIL also has applied for permission to manufacture 50,000 tonnes of HDPE, based on maximum use of plant. Originally designed for production of 30,000 tonnes, the plant can now produce the additional amount because of improvements in process technology effected by PIL engineers. The enhanced capacity is to be recognised by the Government shortly.

The company has staked a claim for ethylene from the offshore Bombay High natural gas fields. It has also asked for an industrial licence from the Government to manufacture 4,000 tonnes per year of reinforced grade polypropylene. The company has set up a joint venture in Malaysia for making HDPE pipes based on PIL technology.

Texmaco shows strong gain

By Our Bombay Correspondent

TEXMACO, the Indian textile machinery and rolling stock group, pushed ahead strongly and posted 36 per cent rise in sales in 1980. Profit margins improved and its pre-tax profits advanced by 70 per cent to Rs 36.8m ($4.3m) from Rs 21.6m in 1979. A 20 per cent dividend is to be paid.

The improved performance of the Birla-owned Texmaco, which has factories in West Bengal, was largely the result of a significant contribution made by the textile machinery, rolling stock and road roller divisions, besides reflecting the full year's operations of the newly acquired Sodepur works.

The company has an order book of Rs 1bn and the performance in 1981 would be "still better," says Mr K. K. Birla, the chairman. Texmaco has concluded technical collaboration agreement with Howa machinery of Japan for manufacture of modern high-speed draw frames and speed frames.

CURRENCIES, MONEY and GOLD

$ & £ steady

Trading was restricted in currency markets yesterday by the closure of West German centres for a public holiday. The dollar showed little overall change against major currencies reflecting a steadier trend in Euro-dollar rates.

Sterling was slightly easier on its trade weighted index but remained on the side lines for much of the day in the absence of any fresh news to affect trading.

Currencies traded quietly within the European Monetary System yesterday. The French franc showed some improvement and overtook the Danish krone. The D-mark remained the most improved currency while the Belgian franc was the weakest.

DOLLAR — trade weighted index (Bank of England) fell to 107.2 from 107.4. The dollar showed little change but remained underpinned by high U.S. domestic rates. Against the D-mark it closed at DM 2.3480 compared with DM 2.3460 and SwFr 2.0460 against SwFr 2.0490. It rose slightly against the yen to Y220.25 from Y220.10 but eased against the French franc to FFr 5.5790 from FFr 5.5875.

STERLING — trade weigthed index (Bank of England) eased to 95.6 from 95.7, having stood at 95.6 at noon and 95.7 in the morning. Sterling opened at $2.0040-2.0050 and traded around the $2 level for much of the day. During the afternoon it fell to a low of $1.9940 on dollar demand but came back to close at $1.9970-1.9980, a rise of just 15 points from Wednesday. Against the D-mark the pound closed at DM 4.6925 from DM 4.6850 and FFr 11.14 compared with FFr 11.1525.

FRENCH FRANC — Steadier within the EMS having been very weak after the Socialist victory in the Presidential election. It continues to trade close to a 21-year low touched recently against the dollar however—The French franc was quite firm at yesterday's fixing in Paris. The dollar fell to FFr 5.5620 from FFr 5.825 and the Deutsche Mark eased to FFr 2.3778 from FFr 2.3840. Sterling was lower at FFr 11.1260 from FFr 11.1870 and the Belgian franc eased to FFr 14.545 per BFr 100 from FFr 14.5735.

DANISH KRONE — Currently trading around the middle of the EMS but suffering recently against the dollar. Denmark's balance of payments problems are likely to depress the currency within the EMS and may lead to renewed presure. The krone has been devalued twice since March 1979—The Danish krone showed little overall change within the EMS yesterday. At the fixing in Copenhagen the dollar fell to DKr 7.3550 from DKr 7.3615 and sterling was lower at DKr 14.7325 compared with DKr 14.7360. The Deutsche Mark eased to DKr 3.1430 from DKr 3.1433 while the French franc was stronger at DKr 1.3230 from DKr 1.3185 and the Belgian franc improved to DKr 19.26 per BFr 100 from DKr 19.22.

JAPANESE YEN — Steadier than most currencies against the dollar but still affected by high U.S. interest rates which have caused considerable currency outflows. However, any further decline in the value of the yen will provide a boost for Japanese exports—The yen was weaker against the dollar in Tokyo yesterday with the U.S. unit closing at Y221.05 compared with Y219.7 on Tuesday. It opened at Y220.30 and improved slowly throughout the day reflecting a steadier trend in Euro-dollar interest rates. Trading was generally quiet in the absence of any fresh news.

THE POUND SPOT AND FORWARD

June 17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.9940-2.0050	1.9970-1.9980	0.85-0.95c dis	−5.41	2.33-2.43dis	−4.76
Canada	2.4000-2.4110	2.4035-2.4045	1.20-1.30c dis	−6.24	3.65-3.80dis	−6.20
Nethlnd.	5.19-5.22	5.20¾-5.21¾	¼c pm-½ dis	−0.29	1¼-¼ pm	0.57
Belgium	76.35-76.65	76.50-76.60	17-27c dis	−3.45	52-62 dis	−2.98
Denmark	14.69-14.74	14.72-14.73	6¾-7¾ore dis	−5.56	16½-17¾ dis	−4.58
Ireland	1.2800-1.2855	1.2830-1.2845	0.30-0.43p dis	−3.41	0.99-1.14dis	−3.32
W. Ger.	4.67½-4.70½	4.68¾-4.69¾	¼pf pm-½ dis	−0.32	⅛ pm-½ dis	0.11
Portugal	123.75-124.50	124.00-124.20	50-100c dis	−7.25	140-310 dis	−7.25
Spain	186.75-187.75	186.90-187.10	108-135c dis	−7.70	300-350 dis	−6.95
Italy	2,329-2,339	2,333-2,335	20-22 lire dis	−10.79	60½-63½ dis	−10.62
Norway	11.68-11.73	11.70½-11.71½	½-1½ore dis	−0.83	½-2 dis	−0.45
France	11.10-11.15	11.13½-11.14½	6¾-7¾c dis	−7.81	19½-21 dis	−7.27
Sweden	9.99-10.03	10.00½-10.01½	2-2¼ore dis	−2.85	5¾-6¾ dis	−2.50
Japan	439-444	441-442	1.90-1.60y pm	4.76	5.60-5.25 pm	4.91
Austria	33.05-33.20	33.10-33.15	4gro pm-par	0.72	8 pm-1 dis	0.42
Switz.	4.07-4.10	4.08¾-4.09¾	1½-½c pm	2.57	3-2 pm	2.45

Belgian rate is for convertible francs. Financial franc 77.55-77.65. Six-month forward dollar 3.70-3.80c dis, 12-month 5.00-5.20c dis.

THE DOLLAR SPOT AND FORWARD

June 17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.9940-2.0050	1.9970-1.9980	0.85-0.95c dis	−5.41	2.33-2.43dis	−4.76
Ireland†	1.5540-1.5620	1.5540-1.5570	0.20-0.30c dis	−1.92	0.48-0.60dis	−1.38
Canada	1.2026-1.2045	1.2042-1.2045	0.11-0.14c dis	−1.24	0.39-0.42dis	−1.34
Nethlnd.	2.6085-2.6130	2.6100-2.6130	1.17-1.07c pm	5.17	3.42-3.32 pm	5.16
Belgium	38.20-38.34	38.32-38.34	10-7c pm	2.67	20-16 pm	1.69
Denmark	7.3395-7.3620	7.3550-7.3575	0.25-0.50ore dis	−0.61	par-½ dis	−0.14
W. Ger.	2.3380-2.3510	2.3475-2.3485	1.15-1.10pf pm	5.76	2.95-2.89 pm	4.97
Portugal	62.00-62.30	62.05-62.25	par-30c dis	−2.89	par-80 dis	−2.57
Spain	93.50-93.83	93.78-93.83	10-20c dis	−1.92	50-70 dis	−2.56
Italy	1,166¾-1,169½	1,168½-1,169½	5¾-6¾ lire dis	−6.42	18-20 dis	−6.51
Norway	5.8500-5.8650	5.8550-5.8600	2.45-2.05ore pm	4.60	6.10-5.70 pm	4.02
France	5.5550-5.5850	5.5765-5.5815	1½-2¼c dis	−4.04	4-5 dis	−3.24
Sweden	4.9990-5.0030	5.0010-5.0020	1.10-0.90ore pm	2.40	2.55-2.35 pm	1.96
Japan	220.00-221.00	220.70-22.80	1.92-1.82y pm	10.16	5.32-5.22 pm	9.55
Austria	16.52½-16.57½	16.56½-16.57½	8.90-7.40gro pm	5.90	22¼-18¾ pm	4.35
Switz.	2.0370-2.0500	2.0455-2.0465	1.47-1.37c pm	8.33	3.73-3.63 pm	7.19

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

June 17	Bank of England Index	Morgan Guaranty Changes%
Sterling	95.6	−29.2
U.S. dollar	107.2	+1.3
Canadian dollar	87.1	−17.7
Austrian schilling	112.0	+21.8
Belgian franc	105.9	+9.1
Danish kroner	86.5	−11.4
Deutsche mark	117.1	+38.1
Swiss franc	135.7	+80.7
Guilder	108.9	+14.2
French frank	83.3	−11.3
Lira	57.7	−55.6
Yen	144.6	+39.0

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

June 16	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	12	0.580887	0.538744
U.S. $	14	1.16613	1.08234
Canadian $	19.07	1.40402	1.30140
Austria Sch.	6¾	19.2913	17.8910
Belgian F.	13	44.6628	41.3669
Danish K.	11	8.58447	7.95247
D mark	7½	2.73003	2.53105
Guilder	9	3.03719	2.81516
French Fr.	9½	6.50992	6.03153
Lira	19	1362.04	1264.17
Yen	6¼	256.665	237.790
Norwgn. Kr.	9	—	6.30894
Spanish Pts.	8	109.170	101.307
Swedish Kr.	12	5.82972	5.40866
Swiss Fr.	5	2.38415	2.21013
Greek Dr'ch.	20½	—	61.9151

OTHER CURRENCIES

June 17	£	$		£ Note Rates
Argentina Peso	8772-8792	4387-4397	Austria	32.80-33.15
Australia Dollar	1.7350-1.7390	0.8700-0.8705	Belgium	77.20-78.00
Brazil Cruzeiro	178.34-179.34	89.23-89.66	Denmark	14.63-14.78
Finland Markka	8.78½-8.79½	4.4105-4.4115	France	11.09-11.19
Greek Drachma	115.981-116.951	57.05-57.15	Germany	4.67-4.71
Hong Kong Dollar	10.94¼-10.96¼	5.4900-5.5000	Italy	2290-2340
Iran Rial	158.60*	79.00*	Japan	441-447
Kuwait Dinar(KD)	0.556-0.562	0.2792-0.2797	Netherlands	5.19-5.23
Luxembourg Frc.	76.50-76.60	38.32-38.34	Norway	11.63-11.75
Malaysia Dollar	4.6370-4.6470	2.3250-2.3270	Portugal	120-124
New Zealand Dlr	2.3110-2.3160	1.1580-1.1590	Spain	180¼-191
Saudi Arab. Riyal	6.77-6.83	3.3965-3.4025	Sweden	9.93-10.05
Singapore Dollar	4.24-4.25	2.1260-2.1280	Switzerland	4.05½-4.10½
Sth African Rand	1.7235-1.7245	0.8630-0.8635	United States	1.99¼-2.00¾
U.A.E. Dirham	7.32-7.38	3.6710-3.6760	Yugoslavia	72-84

Rate given for Argentina is free rate. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU June 17	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7985	41.3376	+1.32	+1.32	±1.5361
Danish Krone	7.91917	7.95328	+0.43	+0.43	±1.6413
German D-Mark	2.54502	2.53283	−0.48	−0.48	±1.1386
French Franc	5.99528	6.01431	+0.32	+0.32	±1.3638
Dutch Guilder	2.81318	2.81288	−0.01	−0.01	±1.5159
Irish Punt	0.685145	0.692960	+1.14	+1.14	±1.6688
Italian Lira	1262.92	1263.17	+0.02	+0.02	±4.1116

Changes are for ECU, therefore positive change denotes a week currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

June 16	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.998	4.693	441.5	11.14	4.088	5.213	2334.	2.404	76.55
U.S. Dollar	0.501	1.	2.349	221.0	5.577	2.046	2.610	1168.	1.204	38.32
Deutschemark	0.213	0.426	1.	94.09	2.374	0.871	1.111	497.4	0.512	16.31
Japanese Yen 1,000	2.265	4.524	10.63	1000.	25.23	9.258	11.81	5287.	5.445	173.4
French Franc 10	0.898	1.793	4.212	396.3	10.	3.669	4.679	2095.	2.158	68.72
Swiss Franc	0.245	0.489	1.148	108.0	2.725	1.	1.275	571.0	0.588	18.73
Dutch Guilder	0.192	0.383	0.900	84.70	2.137	0.784	1.	447.8	0.461	14.69
Italian Lira 1,000	0.428	0.856	2.010	189.2	4.773	1.751	2.233	1000.	1.030	32.80
Canadian Dollar	0.416	0.831	1.952	183.7	4.634	1.700	2.168	970.9	1.	31.84
Belgian Franc 100	1.306	2.609	6.130	576.7	14.55	5.340	6.809	3049.	3.140	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JUNE 17)

3 months U.S. dollars		6 months U.S. dollars	
bid 16 7/8	offer 17	bid 16 7/16	offer 16 9/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

June 17	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	11⅛-11⅜	18¼-18½	17½-19	11⅜-11⅝	3-3½	11⅜-11⅝	20-21	20-25	11-13	6-6½
7 days' notice	11¼-11½	18⅛-18⅜	17½-19	11⅜-11⅝	4-4¼	11¾-11⅞	20-21	21¼-23¾	13-14	6⅜-6⅝
Month	11 11/16-12	16 15/16-17 1/16	18¾-19⅛	11⅝-11¾	9 1/16-9 3/16	12⅜-12½	19½-20½	21⅞-23⅛	14⅝-14¾	6⅞-7⅛
Three months	12½-12⅝	16 15/16-17 1/16	18½-18⅞	11⅝-11¾	9 7/16-9 9/16	12 7/16-12 9/16	19½-20½	22⅝-23⅜	14⅝-14⅞	7 1/16-7 5/16
Six months	12⅞-13⅛	16⅝-16⅞	17⅝-18	11⅝-11¾	9⅝-9¾	12¼-12⅜	18½-19¼	22¾-23½	14⅝-14⅞	7⅝-7⅞
One Year	13⅛-13⅜	15⅞-16⅛	16½-16⅞	11⅝-11¾	8 11/16-8 13/16	12 1/16-12 3/16	18½-19¼	22½-23¼	14⅝-14⅞	7 15/16-8 3/16

SDR linked deposits: one-month 14⅞-15⅛ per cent: three-months 14 13/16-14 15/16 per cent: six-months 14¼-14⅝ per cent: one-year 13⅞-14¼ per cent.
ECU linked deposits. one-month 14 11/16-15 1/16 per cent; three-months 14¾-15⅛ per cent: six-months 14⅝-15 per cent: one-year 14½-14¾ per cent.
Asian $ (closing rates in Singapore): one-month 16⅝-16¾ per cent: three-months 16⅝-16⅞ per cent: six-months 16¼-16½ per cent; one-year 15⅜-15⅝ per cent.
Long-term Eurodollar two years 15-15¼ per cent: three-years 14⅞-15⅛ per cent: four-years 14¾-15⅛ per cent: five-years 14⅝-15 per cent: nominal closing rates.
Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice.
The following nominal rates were quoted for London dollar certificates of deposit: one-month 17.70-17.80 per cent: three-months 16.85-16.95 per cent: six-months 16.15-16.25 per cent: one-year 15.40-15.50 per cent.

INTERNATIONAL MONEY MARKET

Paris rates ease

The Bank of France received bids of FFr 4.528bn for the FFr 3.5bn of six-month Treasury bills on offer Tuesday. A total of FFr 3.483bn of bills were sold at a discount rate of 17 1/64th per cent, compared with 16 63/64th per cent on June 11. The yield rose to 18.675 per cent from 18.618 per cent, and has been increasing steadily since last November when it stood at 12.44 per cent. In the Paris money market call money was unchanged at 20 per cent yesterday, but period rates showed a weaker trend, with one-month falling to 19⅛-19⅜ per cent from 19 7/16-19 11/16 per cent; three-month to 18⅝-18⅞ per cent from 19 1/16-19 5/16 per cent; six-month to 17⅝-17⅞ per cent from 17 11/16-17 15/16 per cent; and 12-month to 17⅛-17⅜ per cent from 17⅝-17⅞ per cent.

In Amsterdam rates were firmer in the money market in anticipation of a large shortage of credit today, which will be only partly offset by the new special discount facility from the central bank of Fl 1.471bn per day. The advance was considered small by the market when compared with the size of the expected deficit, but subscriptions were met in full, reflecting the high interest rate of 11½ per cent required by the authorities. Call money rose to 11¾-11⅞ per cent from 11½-11¾ per cent yesterday, and may rise to at least 11⅞ per cent in the face of a market deficit of around Fl 5bn today.

UK MONEY MARKET

Small help

Bank of England Minimum Lending Rate 12 per cent (from March 10 1981)

Conditions were fairly comfortable on monthly make-up day for the banks, and a small surplus of credit was expected in the London money market yesterday. The finish was tighter than anticipated however and the authorities gave assistance on a small scale by buying a small amount of local authority bills and a small number of eligible bank bills from the discount houses.

Government disbursements were slightly in excess of revenue payments to the Exchequer, and banks brought forward small surplus balances. On the other hand the market was faced with the unwinding of a moderate number of bills under a sale and repurchase agreement.

Discount houses paid 10½-11 per cent for early secured call loans, with closing balances taken at 11-11½ per cent. In the interbank market overnight loans touched 12-12½ per cent in the afternoon, but finished at about 10 per cent.

GOLD

Little change

Gold showed little change in the London bullion market yesterday, losing just one dollar an ounce to close at $460-463. Trading was extremely quiet with no new factors to affect the level of business. The metal opened at $462-465 and was fixed at $463.25 during the morning and $461.75 in the afternoon.

In Paris the 12½ kilo bar was fixed at FFr 91,700 per kilo ($512.79 per ounce) in the afternoon compared with FFr 91,700 ($512.86) in the morning and FFr 93,500 ($520.94) on Tuesday afternoon.

In Luxembourg the 12½ kilo bar was fixed at LFr 579,700 per kilo ($464.50 per ounce) against LFr 582,250 ($466.25) previously.

In Zurich gold finished unchanged at $460-463 per ounce.

GOLD

	June 17		June 16	
Gold Bullion (fine ounce)				
Close	$460-463	(£230½-232)	$461-464	(£231-232½)
Opening	$462-465	(£230½-232)	$464-467	(£232¼-233¾)
Morning fixing	$463.25	(£231.301)	$466.75	(£233.084)
Afternoon fixing	$461.75	(£230.875)	$461.50	(£230.347)
Gold Coins				
Krugerrand	$475-476	(£238-238½)	$476-477	(£238½-239)
1/2 Krugerrand	$245-246	(£122¾-123¼)	$245½-246½	(£123-123½)
1/4 Krugerrand	$125-126	(£62½-63)	$125-126	(£62½-63)
1/10 Krugerrand	$51-52	(£25½-26)	$51-52	(£25½-26)
Mapleleaf	$465-468	(£233-234½)	$466-469	(£233½-235)
New Sovereigns	$115½-116¼	(£57¾-58¼)	$116-116½	(£58-58½)
King Sovereigns	$128-130	(£64-65)	$128-130	(£64-65)
Victoria Sovs.	$128-130	(£64-65)	$128-130	(£64-65)
French 20s	$121-127	(£60½-63½)	$122-127	(£61-63½)
50 pesos Mexico	$575-579	(£288-290)	$573-580	(£287¼-290¾)
100 Cor. Austria	$449-452	(£225-226½)	$445-450	(£223-225½)
$20 Eagles	$583-588	(£292-294½)	$583-588	(£292¼-294¾)

LONDON MONEY RATES

June 17 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♣	Eligible Bank Bills ♣	Fine Trade Bills ♣
Overnight	—	10-12½	11¼-11¾	—	—	11-11¾	10½-11½	—	—	—
2 days notice	—	—	11⅜-11⅝	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	11-11½	11⅝-11⅞	—	11¾	11½-12	11-11¼	—	—	—
One month	11 13/16-11 15/16	11 15/16-12	11⅞-12	13-12⅝	12¼	12¼-12⅜	11⅛	—	—	—
Two months	12⅜-12¼	12¼-12⅜	—	13⅛-12¾	12⅜	12¾	11¾	11⅞	11¾	12⅜
Three months	12 7/16-12 5/16	12½-12¾	12⅝	13⅛-12¾	12⅞	12¾-12⅞	12	12⅛	12-12 1/16	12⅝
Six months	12¾-12 11/16	12⅞-13	12⅞	13⅛-12¾	13¼	13¼	—	12 3/16-12⅛	12 3/16-12¼	12 15/16
Nine months	12⅞-12½	13-13¼	—	13½-13⅛	13⅜	13⅛	—	—	12-12⅛	12⅝
One year	13 1/16-12 15/16	13⅜-13⅝	13⅜-13⅛	13⅜-13⅛	13½	13¾	—	—	—	—
Two years	—	—	13¾	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term authority mortgage rates nominally three years 13⅞-14 per cent; four-years 14⅛-14⅜ per cent; five years 14¼-14½ per cent. ♣ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12⅜-12 7/16 per cent; four-months trade bills 12¾ per cent.

Approximate selling rate for one-month Treasury bills 11⅝ per cent; two-months 11⅞ per cent; three-months 11⅞ per cent. Approximate selling rate for one-month bills 11⅝ per cent; two-months 11⅞-11 15/16 per cent; three-months 12-12 1/16 per cent; one-month trade bills 12¾ per cent; two-months 12⅝ per cent and three-months 12 7/16 per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 12½ per cent from June 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 9 per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 12.0732 per cent.

MONEY RATES

NEW YORK

Prime Rate	19.20
Fed. Fund	20¾-21¼
Treasury Bills (13-week)	13.88
Treasury Bills (26-week)	13.52

GERMANY

Special Lombard	12.00
Overnight Rate	11.775
One month	12.85
Three months	13.00
Six months	12.75

FRANCE

Intervention Rate	22
Overnight Rate	20
One month	19.25
Three months	18.5
Six months	17.5

JAPAN

Discount Rate	6.25
Call (Unconditional)	7.125
Bill Discount (three-month)	7.53125

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Companies and Markets

WORLD STOCK MARKETS

Dow 4.6 lower at midsession

STOCKS ON Wall Street were mixed to easier at mid-session as investors continued to show disappointment with the slowness of the decline in U.S. interest rates. However, trading remained active.

The Dow Jones Industrial Average, after slipping 8.66 on Tuesday, was 4.57 lower at 998.76 at 1 pm yesterday. The NYSE All Common Index, however, picked up from an early 18 cents decline to register a net improvement of 2 cents at $76.82, although falls outscored rises by a four-to-three margin at mid-session. Trading volume amounted to 39.55m shares, compared with Tuesda's 1 pm level of 42.84m.

Analysts said the market had hoped major banks would follow Chemical Bank's recent Prime Rate cut to 19 per cent. Three big banks went to 19½ per cent but most were still at 20 per cent.

Monte Gordon, of Dreyfus Corporation said the lack of downward movement in the Federal Funds Rate, a key interest rate, is also making the market nervous. Fed Funds, the rates banks charge one another for overnight loans, are up to about 22 per cent from 19 per cent at the opening.

Oil stocks began to rise after a broad decline on Tuesday, and Monte Gordon said much of the improvement is due to technical factors. "Portfolio managers were selling off their oil positions, and there is a perception that the correction has gone far enough and traders are starting to bargain hunt," he added.

Superior Oil rose 5½ to $180½. The company announced a Texas oil find. Atlantic Richfield put on 1¼ to $45½. Exxon ½ to $34⅜ and Standard Oil California ⅜ to $35⅞.

Technology issues continue to suffer, and Michael Metz, of Oppenheimer and Company, said part of the reason is because several analysts lowered their earnings estimates for those companies.

Tandy, on the actives list, eased ½ to $33⅜. IBM lost ½ to $58½. Teledyne ¼ to $169⅜ and Digital Equipment, which fell 6⅞ on Tuesday, was trading unchanged at $100¼.

THE AMERICAN SE Market Value Index was a net 1.50 better at 364.92 at 1 pm. Volume 4.01m shares.

Closing prices for North America were not available for this edition.

Canada

Markets failed to establish a decided trend yesterday morning. After a fair turnover, the Toronto Composite Index was 3.9 easier at 2,337.7 at noon. Golds slipped 1.4 to 3,953.1, but Oil and Gas improved 21.6 to 4,787.9.

Tokyo

Aided by a last-minute burst of buying orders for large-capital shares, the market partially recovered from an initially easier tendency to finish on a rather mixed note after another large business.

The Nikkei-Dow Jones Average ended a net 8.78 firmer at 7,705.30 and the Tokyo S.E. index gained 1.22 to 578.51, although declines retained a narrow lead over gains at the close by 319 to 284 on the First Market section. Volume reached 750m shares (700m).

Market sources said the overnight decline on Wall Street on news of a smaller-than-anticipated Prime Rate cut turned investors away from a number of quality shares, while Light Electricals were also depressed by Sony's fall in first-half net profits. Sony lost Y190 to Y5,200, TDK Electronic Y200 to Y5,290, Matsushita Elertric Y18 to Y622 and Victor Y120 to Y3,760.

Steel, Shipbuilding and other large-capital Defence-related issues, however, drew further strength from speculation that the U.S. will intensify pressure on Japan to beef up its defence spending.

Sumitomo Metal advanced Y13 to Y288, Nippon Steel Y6 to Y224, Mitsubishi Electric Y17 to Y404, Mitsubishi Heavy Y5 to Y322, Mitsui Shipbuilding Y17 to Y229 and Ishikawajima Harima Heavy Y11 to Y215.

Optical Fibre, Industrial Robot and Machine Tool Makers were also actively bought, with Sumitomo Electric rising Y16 to Y479, Yasukawa Electric Y7 to Y587 and Okuma Machinery Y12 to Y862.

Milan

Following Tuesday's severe setback on heavy selling pressure, the market staged a sharp recovery yesterday due to a virtual freezing of selling activity in the wake of official new regulations regarding terms of settling transactions.

Brokers, however, stressed that the uptrend reflected the thinness of trading rather than any signifcent demand. The Banca Comerciale Italiana index, after a fall of 30.60 the previous day, recouped 12.42 to 242.02.

More than 30 shares had to be temporarily suspended because of gains exceeding 20 per cent in the course of the morning session. Closing prices of Pirelli, Centrale, Cementir and Fiscambi were delayed indefinitely because these shares were suspnded a scond time near the end of trading. Toro was also among those shares removed twice from trading.

The new regulations require cash settlement of all stock and Bond transactions within three trading days and physical transferral of the securities within the same period. Previously, settlements were made at the end of the operating month, which usualy falls mid-month on a calendar basis. The new rules are comparable to existing conditions on major world stock exchanges, brokers commented.

Paris

Bourse prices showed no clear trend in quiet trading yesterday, following Tuesday's good rally.

Traders said investors remain encouraged by signs that interest rates may be moving down in the U.S. and in France. Early reports of measures to be announced by the Government in favour of French industrial enterprises was also an aid to sentiment, while additionally, institutional investors are continuing to lend the market support by substantial purchases of French stocks.

On the negative side of the coin, however, was the publication of two economic studies indicating that French industrial companies are increasingly experiencing financial difficulties.

Hong Kong

Most shares retreated yesterday as small investors took profits after the market's recent upsurge to an all-time peak. The Hang Seng index declined 32.58 to 1,728.57, while turnover totalled HK$517.53m on the four stock exchanges in the short Wednesday trading session, compared with Tuesday's full trading day amount of HK$818.12m.

Dealers pointed to a lack of any fresh fundamental supporting factors to buoy up the market yesterday, with the further lowering of U.S. interest rates already largely discounted.

Singapore

A batch of buyers pushed share prices generally higher, but only selective stocks enjoyed large gains. The Straits Times Industrial index rose 11.93 to a record 946.61. The previous record of 937.04 was achieved only four sessions ago after a 24.76 gain. Since the beginning of June the index has risen about 70 points.

Australia

Stocks closed quietly mixed amid uncertainty over the direction of U.S. interest rates and proposals by the U.S. to sell about 105m ounces of silver over the next two years from its strategic stockpile.

Germany

Markets were closed yesterday for the Day of National Unity holiday.

Indices

NEW YORK —DOW JONES

	June 16	June 15	June 12	June 11	June 10	June 9	1981 High	1981 Low	Since Cmpil't High	Since Cmpil't Low
♦Industr'ls	1005.33	1011.99	1006.28	1007.4	995.88	994.44	1024.05 (27/4)	951.57 (13/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	61.88	61.40	60.78	60.58	60.75	60.48	65.78 (15/1)	58.57 (7/5)	—	—
Transport	418.11	422.66	426.54	427.80	425.41	428.80	447.38 (16/4)	379.12 (20/2)	447.38 (16/4/81)	12.23 (8/7/32)
Utilities	111.87	112.65	110.88	110.12	107.98	105.78	117.81 (5/1)	105.99 (5/5)	163.32 (20/4/69)	10.5 (28/4/42)
TradingVol 000's†	57,780	53,360	60,730	59,000	53,200	44,600	—	—	—	—

♦Day's high 1017.50 low 997.91

	June 12	June 5	May 29	Year ago (approx)
Ind. div. yield %	5.48	5.52	5.51	6.02

STANDARD AND POORS

	June 16	June 15	June 12	June 11	1981 High	1981 Low
MONTREAL Industrials	398.74	401.74	401.79	403.08	409.58 (27/5)	356.26 (20/2)
Combined	369.53	371.93	372.62	372.53	375.18 (27/5)	338.34 (20/2)
TORONTO Composite	2341.6	2350.9	2354.0	2357.8	2378.8 (10/4)	2151.4 (20/2)

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Sony	1,184,700	23⅛	−1⅛	K Mart	560,600	23½	—
Am. Tel. & Tel.	881,300	58½	+ ½	Exxon	555,300	33⅞	− ⅛
Duke Power	855,900	19⅞	− ⅛	NCNB Corpn.	543,100	16½	+ ¼
IBM	743,500	59	− ⅞	Cent. & S. Wst.	463,100	14⅞	− ⅛
Gulf & Western	632,200	21⅛	+ ¼	Transamerica	452,700	25⅝	− ⅜

Financial Rand US$0.84½ (Discount of 27%)

APPOINTMENTS

Patrick Sheehy to head BAT

Mr. Patrick Sheehy is to become chairman of BAT INDUSTRIES in October 1982 when Sir Peter Macadam retires from the chair on reaching his 61st birthday. Mr Sheehy, who has been a deputy chairman of BAT since 1976, now becomes vice-chairman (chairman-elect).

Born in 1930, Mr. Sheehy joined BAT in 1950, holding a series of marketing appointments in Africa before moving to Jamaica in 1957 as marketing director of the BAT company there. His last appointment before joining the main board in 1970 was as general manager of the BAT Dutch company.

Mr. Sheehy is chairman of British-American Tobacco, the operating group for the BAT tobacco interests outside the U.S. He also has special responsibility *for North American interests*, and is a director of BATUS, the holding company for U.S. interests.

★

Mr Alan Moore has been appointed director and treasurer of LLOYDS BANK INTERNATIONAL from October 1. Mr Brian Ashby, a director of Lloyds Bank International, until recently on secondment to Lloyds Bank, will succeed Mr Moore as director of the Middle East and Africa division on that date.

★

Mr John Lister, chairman of ICI Fibres, has been elected chairman of the BRITISH MAN-MADE FIBRES FEDERATION succeeding Mr John B. Stuart, who has retired by rotation. Mr Donald Anderson has been appointed director designate. The present director, Mr Stuart Douglas is to retire on November 30.

★

Mr David N. Whittaker has been appointed financial director of FIELDING AND PLATT, a member of the Redman Heenan International group.

★

Mr Geoffrey Stone has been appointed director of marketing of HOTELPLAN, the UK travel division of the Federation of Migros Co-operatives.

★

Mr Milan C. Kerno, executive director of the Merrill Lynch International Banking Group, has been appointed vice-chairman and managing director of DEAN WITTER REYNOLDS OVERSEAS and managing director of the investment banking group of Dean Witter Reynolds Inc. He will be based in London.

★

Following the retirement on July 3 of Mr J. H. Hine, managing director of The BRITISH AVIATION INSURANCE COMPANY. Mr I. K. Storey is to be appointed underwriter and manager.

★

Mr George A. Rooley has been elected president of the FACULTY OF BUILDING succeeding Dr Socrates Christie.

★

Mr Graham Manning and Mr Roger Adcock have become local directors of R. MANSELL (CROYDON). Mr Kenneth Small has been made technical director.

★

STEWART WRIGHTSON has made the following group appointments. Mr W. D. Engeham, chairman of Stewart Wrightson (Energy Resources); Mr D. A. J. Staines and Mr P. R. Wood, directors of Stewart Wrightson (International); and Mr G. R. Harris and Mr A. W. Lawrence, directors of Stewart Wrightson (Reinsurance Brokers).

★

Mr Martin Davis has been appointed managing director of Drake and Scull Engineering. At Drake and Scull International Mr Ronald English becomes managing director of the Middle East division and Mr John Leslie, managing director of the Africa and South East Asia divisions. They will be executive directors of the parent concern DRAKE AND SCULL HOLDINGS from November 1.

★

Mr Colin D. Weston has joined WILKINSON SWORD GROUP as merchandise director, UK and international. He was previously with the Boots Company and Timothy Whites.

★

Mr Roger Ashby has been appointed managing director of FAIREY WINCHES in place of Mr John Bowden, who is taking up another executive position within the Fairey Holdings group. Mr Ashby was previously with Devon Conversions.

★

Two executives of HTV are to join the main board from July 1. They are Mr Huw Davies as director of programmes, Wales, and Mr Ron Evans as director of programmes, West of England.

★

Mr M. N. H. Jenkins has been appointed chief executive, Mr J. L. Foyle market secretary and Mr G. P. Rodgers, communications and systems manager of the LONDON INTERNATIONAL FINANCIAL FUTURES EXCHANGE.

Patrick Sheehy

★

Mr J. Heaton has been appointed managing director of WELLMAN MECHANICAL

★

Mr T. G. J. Lewis has been appointed chief executive officer of the ROYAL ARSENAL CO-OPERATIVE SOCIETY succeeding Mr J. H. Walker, who has retired.

★

Mr J. C. Broom Smith, commercial director of CompAir Industrial, has been elected vice-president of the BRITISH COMPRESSED AIR SOCIETY.

OVERSEAS

Mr Leslie F. B. Ashburner, Mr Carl Bradford, Mr Charles J. Schwenk, Mr Edward A. Brasseur, Mr Edmond P. Hannigan, Mr George N. Haug and Mr Donald J. Jordan have been appointed vice-presidents of MARINE MIDLAND BANK, U.S. Mr Ashburner was previously with Chemical Bank, Mr Bradford was with Citibank and Mr Schwenk comes from Chase Manhattan Bank. Mr Brasseur, Mr Hannigan, Mr Haug and Mr Jordan have been with Marine Midland for a number of years.

★

MARLEY UK has appointed Mr D. R. Ryan as president and chief executive officer of its subsidiary INGRID of Chicago and associated companies from July 1. He also joins the board of Marley Plastics in the U.S.

★

Dr Lawrence G. Franko has been appointed chief economist and director of currency advisory services of the FINVEST GROUP, Geneva. He joins Finvest following a three-year appointment as co-holder of the U.S. professorship of the corporation and society at the Centre d'Etudes Industrielles, Geneva.

★

Mr C. Alan Smith has been elected a director of DORSET RESOURCES, Canada. Mr J. Robert Paget has resigned as a director. Mr Smith, who becomes president and chief financial officer of Dorset, was president of Brinco Oil and Gas until last March and he continues as a director of Brinco Limited. Mr Smith is also president of Duex Petroleums.

Mr Peter J. O'Gorman has been appointed senior vice-president of the DOODY COMPANY, Columbus, Ohio. He was previously director of store development for Tesco Stores in the UK.

★

Mr W. I. Green, a deputy managing director of Acrow, has been appointed president, ADAMSON - CHRONISTER VALVES, of Houston, U.S., a subsidiary. He remains a director of Acrow and will be based in Houston.

★

Mr R. G. Tennant, managing director of Eley, an IMI subsidiary, has been appointed a director of the ASSOCIATION OF EUROPEAN MANUFACTURERS OF SPORTING AMMUNITION, Brussels.

★

Mr James D. Lindner, formerly of IBM, has been appointed president of the international division of EXXON OFFICE SYSTEMS COMPANY. He will be based in Geneva.

★

STATE STREET BANK AND TRUST COMPANY OF BOSTON has appointed Mr Charles Hindmarsh, vice-president, as its representative for Europe. He replaces Mr Frank Sebestyen who will be returning to New York as general manager of State Street Bank International.

★

Mr A. van Buren has been appointed vice-president and head of marketable securities with GULF INTERNATIONAL BANK BSC, Bahrain.

BASE LENDING RATES

A.B.N. Bank	12 %	■ Guinness Mahon	12 %
Allied Irish Bank	12 %	■ Hambros Bank	12 %
American Express Bk.	12 %	Heritable & Gen. Trust	12 %
Amro Bank	12 %	■ Hill Samuel	§12 %
Henry Ansbacher	12 %	C. Hoare & Co.	†12 %
AP Bank Ltd.	12 %	Hongkong & Shanghai	12 %
■ Arbuthnot Latham	12 %	Knowsley & Co. Ltd.	14 %
Associates Cap. Corp.	12 %	Langris Trust Ltd.	12 %
Banco de Bilbao	12 %	Lloyds Bank	12 %
BCCI	12 %	Mallinhall Limited	12 %
Bank of Cyprus	12 %	Edward Manson & Co.	13 %
Bank of N.S.W.	12 %	Midland Bank	12 %
Banque Belge Ltd.	12 %	■ Samuel Montagu	12 %
Banque du Rhone et de la Tamise S.A.	12½ %	■ Morgan Grenfell	12 %
Barclays Bank	12 %	National Westminster	12 %
Beneficial Trust Ltd.	13 %	Norwich General Trust	12 %
Bremar Holdings Ltd.	13 %	P. S. Refson & Co.	12 %
Bristol & West Invests.	13 %	Ryl. Bk. Canada (Ldn.)	12 %
Brit. Bank of Mid. East	12 %	Slavenburg's Bank	12 %
■ Brown Shipley	12½ %	E. S. Schwab	13 %
Canada Perm't Trust	13 %	Standard Chartered	‖12 %
Cayzer Ltd.	12 %	Trade Dev. Bank	12 %
Cedar Holdings	12 %	Trustee Savings Bank	12 %
■ Charterhouse Japhet	12 %	TCB Ltd.	12 %
Choulartons	12 %	United Bank of Kuwait	12 %
C. E. Coates	12 %	Whiteaway Laidlaw	12½ %
Consolidated Credits	12 %	Williams & Glyn's	12 %
Co-operative Bank	*12 %	Wintrust Secs. Ltd.	12 %
Corinthian Secs.	12 %	Yorkshire Bank	12 %
The Cyprus Popular Bk.	12 %		
Duncan Lawrie	12 %		
Eagil Trust	12 %		
E. T. Trust Limited	12 %		
First Nat. Fin. Corp.	14 %		
First Nat. Secs. Ltd.	14 %		
Robert Fraser	12 %		
Antony Gibbs	12 %		
Greyhound Guaranty	12 %		
Grindlays Bank	‡12 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 9%, 1-month 9¼%. Short term £4,000/12 months 11.85%.
† 7-day deposits on sums of £10,000 and under 9%, up to £50,000 9½% and over £50,000 10%.
‡ Call deposits £1,000 and over 9%.
§ Demand deposits 9½%.
‖ 21-day deposits over £1,000 10½%.

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FINANCIAL TIMES SURVEY

Thursday June 18 1981

ACCOUNTANCY

The profession is still feeling its way towards a thoroughly integrated role in modern financial thinking. Despite some understandable hesitancy in certain quarters the weight of evidence is that a wide area of agreement has been reached on necessary reforms and improvements. But there are lingering doubts.

Doubts still circle around

By Barry Riley

LAST MONTH the Watts Report — the Accounting Standards Committee's report on "Setting Accounting Standards" — finally struggled into the light of day, but there was no disguising the lack of enthusiasm with which it had been treated by many members of the ASC's parent bodies.

Broadly, the English Institute of Chartered Accountants is said to be backing the main recommendations of the report, but other accountancy bodies like the Scottish Institute and the Institute of Cost and Management Accountants are thought to have considerable doubts.

Accounting standards were forged in the first place out of controversy — the various rows in the late 1960s which threatened to damage the reputation of the profession. It is now 11 years since the first exposure draft — on associated companies — was published and yet a new wave of controversy is now flooding over the standard setting process.

There is no doubt that the ASC has some highly creditable achievements to its name. It has produced around a score of accounting standards, including a crucial one on inflation accounting over which much blood was split. Compliance with the standards has been respectable, if far from complete. And the accountancy profession has been seen to contribute to the framework of self-regulation which is essential if the financial community is to stay free of harsh statutory constraints.

Yet the report—largely identified with the chairman of the ASC for the past three years, Mr Tom Watts — makes it clear that the ASC cannot see a successful future for itself without stronger backing from the profession and without a broader frame of reference.

Many of the recent standards, such as those on deferred tax and investment properties, as well as inflation accounting, have generated heated arguments. After many years the highly important currency translation standard is still only at the stage of an exposure draft. Other important subjects, like leasing and pensions, have remained for a disturbingly long time on the pending list.

The Committee feels that these controversies are raising fundamental questions about the nature and purpose of accounting standards, and about who should enforce them. The Watts Report can be seen as an attempt to broaden the power base of the ASC so that it will have the authority and the resources to tackle ever more difficult accounting areas.

Membership

Thus the ASC wants to widen its membership, to bring in non-accountants; membership at present is confined to nominees of the six accountancy bodies making up the Consultative Committee of Accountancy Bodies (CCAB). Four or five outsiders could be nominated by bodies like the Council for the Securities Industry or the Stock Exchange.

It also wants to set up a special panel to review cases of non-compliance with accounting standards by listed companies, fearing that a qualified audit report could become less of a deterrent. The Stock Exchange has said that it would co-operate with such a scheme.

Rather more mundane, but just as important, is the ASC's request for increased financial resources. The need for a greater research capability is thought likely to require a doubling of the present cost of running the ASC, and the enforcement panel would also require extra money.

The unpalatable proposition being put up to the accountancy bodies is that not only will they have to surrender a modest degree of their absolute power over the standard setting process; they will also have to pay more for the privilege. Not surprisingly, the CCAB has decided that the wider implications of the report need "further discussion."

This debate goes right to the heart of the divisions within the accountancy profession. These are partly divisions of status — between chartered and certified and so on — but also reflect differences in function. The interests of the auditor and the preparer of accounts are naturally a source of contention, and some argue that a split in the profession on Continental lines into chartered auditors and financial managers will eventually be the logical result.

Both these groups within the profession are jealous of surrendering power to representatives of the users of accounts. But if they do not pay appropriate heed to the requirements of users, intervention by the state will become inevitable.

Originally, the introduction of accounting standards can be seen as a means of strengthening the position of the auditor relative to his client. The very strong commercial interest which the auditor has in maintaining the goodwill of his client makes it harder for him to stand firm on points of principle. The existence of a body of accounting standards, compliance with which for him is a mandatory professional requirement, substantially improves his negotiating position in dealing with awkward clients.

But the financial managers within the profession have not sat back and allowed the auditors to get away with a rigid book of rules. Even within the English Institute of Chartered Accountants more than half the membership works in industry; in other bodies the proportion can be much higher. They have struggled hard to achieve greater flexibility and even to reverse some of the decisions on standards which the ASC has sought to implement.

The long struggle over inflation accounting is the best known of the disputes in which the ASC has been involved; but in some respects the debate on deferred taxation—which eventually resulted in the accounting standard SSAP-15 — was more symptomatic.

Originally, the approach of the ASC to deferred tax was dominated by the auditors' principle of conservatism, and by the users' principle of comparability. The outcome was a system of full provision for tax even though much of this was unlikely ever to be paid.

In the end, however, the preparers insisted that the principles of relevance and realism should prevail. The eventual standard allowed companies great flexibility in deciding how much tax provision to make in their accounts.

This about-turn by the ASC led to a parting of the ways on this issue with the Society of Investment Analysts, representing an important group of users. Stock market analysts continue to calculate fully-taxed "notional" earnings as their own recommended practice.

The introduction of SSAP-15 has also left the UK out of line with American practice. Whenever British companies seek the listing of securities in the U.S. they have to provide U.S.-style accounts which include, inter alia, great dollops of extra tax provisions which are no longer required in the UK. This is a considerable problem for multinationals like the Royal Dutch/Shell group which attempt to comply with both UK and U.S. accounting standards.

Dimension

The latest problem for the ASC, indeed, is that this battle between auditors, preparers and users is increasingly being shifted into an international dimension. There have been elaborate attempts to harmonise the U.S. and UK approaches to currency translation, but the objective of meeting in mid-Atlantic has so far been missed because the Americans have got lost in a Sargasso Sea.

This U.S. debacle over the admittedly complex subject of currency translation does not make it easy to accept that the American way of doing things is necessarily any better than the British system for developing and enforcing standards.

The original U.S. standard on currency translation, called FAS-8, has caused bitter argument because of its wild impact on the short-term earnings trends of multinational companies. But the draft replacement standard has only been backed by four out of the seven members of the Financial Accounting Standards Board (FASB) and anyway is having to be rewritten after taking a pasting in public hearings last year.

The American system, involving a small, but full time board backed by the enforcement muscle of the statutory Securities and Exchange Commission, has certain advantages. The FASB was able to respond very quickly to the acceleration of inflation in the U.S. by rushing out an inflation accounting standard, FAS-33, even though opinion on the subject was seriously split.

But the U.S. system cannot move any faster than the slow pace of progress of the accounting theorists. Some accountants pin their hopes on the development of a more fundamental approach to the problems — the so-called conceptual framework —which will allow the profession to avoid getting itself bogged down in a series of conflicting ad hoc standards. Others, however, fear this is a red herring.

The reason is that accountancy is being asked to serve so many masters at once. Thus a system like the American one designed primarily to allow investors to weigh up opportunities on the securities markets in a rational way may be found highly unsatisfactory by a manager trying to understand how he can run his business more effectively.

Then there is the position of governments to be considered. The UK Inland Revenue has decided, for instance, that current cost accounting as embodied in SSAP-16 is unsuitable to be developed as a means of assessing the taxable capacity of companies.

Some accountants, too, feel that the profession ought to be responding to challenges elsewhere. The ASC, for instance, would like to tackle questions such as the reporting by pension funds to their members, and accounting by other non-profit-making bodies like local authorities and charities.

The debate over the Watts Report is not just about accounting standards but in an important way is about the future scope of the accountancy profession itself.

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Code welcome but value questioned

AUDITING STANDARDS

MICHAEL LAFFERTY

IT WAS not until April 1980 that the UK accountancy profession published auditing standards for auditors practising in the UK.

A year before, Professor Edward Stamp, the esteemed UK accounting academic, and Professor Maurice Moonitz wrote in their book International Auditing Standards* that auditing's function is "the supreme manifestation of the art (and science) of financial accounting."

The professors say the auditors function is to lend credibility to financial statement and if that function is to be confirmed "the outsiders who rely on his opinion must be able to judge what the auditor's opinion means and how useful it is likely to be.

"So the auditing profession itself needs a set of auditing standards in order to lend credibility to the role of the auditor and his functions, in much the same way that the work of the auditor lends credibility to management's financial statements."

Such statements make much sense but somehow seem to conflict with the real world. After all, since the Companies Act, 1948, accountants have written reports saying hundreds of thousands of British companies' accounts "give a true and fair view." Further, it was not until the 1970s that there was serious public debate on the need for anything called auditing standards.

This simply reflects the pace at which progress eventually comes in the professional world. In all those past decades auditors learnt their trade from each other in professional offices, and from text-books and occasional courses. The universities did not for the most part offer degree courses within the broad area, until the 1970s.

The result of all this must be that standards have varied significantly from auditor to auditor. This view is largely confirmed by the rush of Department of Trade inspectors' reports published in the mid-'70s. These played a major role in forcing the UK profession to act. A similar period of crisis resulted in the U.S. profession's auditing standards programme, except that that occcurred several decades ago.

Now that UK auditing standards exist, however, it must be asked whether they have any real value. The Explanatory Foreword to the standards—addressed to professional accountants — says: "Auditing standards prescribe the basic principles and practices which members are expected to follow in the conduct of an audit . . ."

However, "it would be impracticable to establish a code of rules sufficiently elaborate to cater for all situations and circumstances which an auditor might encounter. Such a code would not provide for innovations in business and financial practice and might hinder necessary development and experiment in auditing practice."

In other words, it all comes back to the individual auditor's judgment in each case.

A further point is that the auditor does not see himself as responsible for detecting fraud. The same foreword says: "The *responsibility for the prevention* and detection of irregularities and fraud rests with the management, who may obtain reasonable assurance that this responsibility will be discharged by instituting an adequate system of internal control."

The first batch of auditing standards published covered three areas. These were the auditor's operational standard, the audit report and qualifications in audit reports.

Obvious

The first of these is brief and largely a statement of what many auditors would regard as obvious. It is as follows:

"The auditor shall adequately plan, control and record his work . . . The auditor shall ascertain the enterprise's system of recording and processing transactions and access its adequacy as a basis for the preparation of financial statements . . . The auditor shall obtain relevant and reliable audit evidence sufficient to enable him to draw reasonable conclusions therefrom . . . If the auditor wishes to place reliance on any internal controls he should ascertain and evaluate those controls and perform compliance tests on their operation . . . etc., etc."

A cynic might say that it would be just as difficult today for a prosecution to prove that an auditor had not done his job in a court of law as it was before these standards existed. In fairness, however, can auditors be expected to facilitate that process by writing tougher auditing standards?

Developments in the U.S. where auditors of large quoted companies are forced to submit to semi-voluntary "peer reviews" by other auditors suggest a direction that might improve the position. This however has to be seen as part of the total U.S. regulatory process, which starts from the fact that the Securities Exchange Commission has considerable power to supervise auditors of quoted companies.

The same applies in France, in a somewhat different way. There the Commission des Opérations de Bourse is an interventionist body which helps to keep auditors on their toes.

While the UK lacks anything like this it cannot be said auditors escape any penalty for failing in their duties. The most obvious penalty is the bad publicity resulting from Department of Trade investigation and the like. Probably much more telling however is the financial cost in terms of much-increased insurance premiums. There are strong indications the number and size of out-of-court settlements involving allegedly bad auditing has increased significantly in recent years.

There is one important respect where the new UK auditing standards do not appear to have been framed with the objective of helping accounts-users. They contain no requirement that each audit report should refer to any departures from accounting standards. This is standard practice in the U.S.

Further U.S. audit opinions will also quantify the extent of such departures on net income, for example. The absence of such references and quantification makes the task of the accounts-user much more difficult.

It relates to the circumstances in which UK auditors are required to make qualifications in their audit reports. According to the audit standards the nature of the circumstances giving rise to a qualification of opinion will generally fall into one of two categories.

These are "(a) where there is uncertainty which prevents the auditor from forming an opinion on a matter; or, (b) where the auditor is able to form an opinion on a matter but this conflicts with the view given by the financial statements."

This in turn relates to the fact that British auditors do not accept that only those accounts which comply fully with accounting standards are capable of giving a true and fair view. There is still a sizable number of potential true and fair views and some, it appears, can involve the use of accounting practices which give a different view.

This is perhaps where fairness comes in. After all, no less authorities than Stamp and Moonitz said in that same book that: ". . . the auditor must realise that one of the primary interests of the user of a set of financial statements is whether or not they present the position fairly.

"The user depends upon the auditor to provide him with the necessary assurances and it is not sufficient for the auditor to say that the statements conform to generally accepted accounting standards.

"These standards are of crucial importance to accountants because they represent the framework of technical concepts that the profession uses in solving problems of measurement and disclosure. But to the lay reader the legal and technical skeleton is secondary; to him the credibility of the statements depends upon their *fairness.*"

* *International Auditing Standards, Edward Stamp and Maurice Moonitz. Prentice/Hall International.*

TOP 20 ACCOUNTANCY FIRMS BY FEE INCOME

Ranking		Partners	Professional staff	Staff/ partner ratio	Total professional staff	Fees* (£m)	Fee/ partner ratio (£'000)	Ranking by fee/ partner ratio
1	Peat Marwick Mitchell	170	2,876	16.92	3,046	49	288.2	1
2	Deloitte Haskins and Sells	227	2,671	11.77	2,898	48.1‡	211.9	9
3	Ernst and Whinney	200	n/a	n/a	3,050§	47.1‡	235.5	7
4	Coopers and Lybrand	172	2,226	12.94	2,398	45	261.6	3
5	Price Waterhouse	160	2,022	12.64	2,182	40†	250.0	5
6	Touche Ross	157	2,127	13.55	2,284	39.5‡	251.6	4
7	*Arthur Young McClelland Moores*	159	2,041	12.84	2,200	36†	226.4	8
8	Thornton Baker	203	1,970	9.70	2,173	30	147.8	15
9	Arthur Andersen	87	1,173	13.48	1,260	24.5	281.6	2
10	Thomson McLintock	124	1,399	11.28	1,523	24.1	194.3	10
11	Spicer and Pegler	118	1,052	8.91	1,170	20.5	173.7	11
12	Binder Hamlyn	119	1,005	8.46	1,124	19	159.7	12
13	Pannell Kerr Forster (formerly Pannell Fitzpatrick)	136	1,020	7.50	1,156	18†	132.3	17
14	Robson Rhodes	68	581	8.54	649	10†	147.1	16
15	Neville Russell	61	490	8.03	551	9.5	155.7	14
16	Kidsons	101	558	5.52	659	9.5	94.1	20
17	Stoy Hayward	36	445	12.36	481	8.7	241.7	6
18	Dearden Farrow	65	410	6.31	475	8.25	126.9	18
19	Hodgson Harris	41	425	10.37	466	6.5	158.5	13
20	Armitage and Norton	46	309	6.72	355	5.3	115.2	19

* Net of recoverable expenses. † Estimate by firm. ‡ FT estimate. § Includes administrative staff; Arthur Young McClelland Moores took over major part of Josolyne Layton Bennet on May 1 1981.

Source: FT Editorial Research Desk.

Good response to CCA requirement

INFLATION ACCOUNTING

MICHAEL LAFFERTY

AFTER about a decade of professional wrangling the UK accountancy profession, and large companies generally, are implementing a mandatory inflation accounting standard.

This means that quoted and certain other large companies are obliged to publish, in effect, two sets of acounts—one on the traditional historic cost accounting basis, and the other in compliance with statement of standard accounting practice No. 16, or SSAP 16 for short. This calls for the publication of data on the current cost accounting (CCA) basis. Companies are free to decide whether they wish to have the CCA figures in either set of accounts, but the vast majority are treating them as supplementary data.

The response so far appears to be good, bearing in mind that the CCA standard does not have the force of law. It is simply another accounting standard which professional acountants are obliged to encourage. In this case, the standard has perhaps less force than others since auditors do not feel obliged to qualify their audit reports when companies fail to comply.

Furthermore, the London Stock Exchange — while emphasising its support for accounting standards—is limiting itself to relatively minor action. It is only bothering to seek explanations from those companies which both fail to give the CCA figures, and omit the reasons for so doing.

All in all, the policy of the accountancy establishment is to adopt a "softly, softly" approach in the first year or so. In response to suggestions from some accounts users that chartered accountants who are directors or auditors of companies which fail to comply with the CCA standard should be referred to the Institute's professional standards committee, official policy is that the Stock Exchange's inquiries will be enough.

In practice, this means that companies can ignore the standard if they wish, with little real fear of facing trouble later. At most the finance director might expect a discreet invitation to lunch at Moorgate Place, where he would be asked if he was having any difficulties implementing the standard.

Pressure is least in the case of smaller quoted companies. One such, Olympic Redacre, stated in its accounts that CCA information was not being provided because the directors had undertaken a cost-cutting exercise in the light of the recession, and this was one of the cuts! Another, the Isle of Man Steam Package Company, said CCA information was not considered of value. In both of these cases the Stock Exchange did not contact the company, because the accounts explained why the standard had not been followed.

A slightly more serious view has been taken of those Euro-currency consortium banks which have not given the information because they claim it would not be understood overseas. The management of SSAP 16 as just another example of the sort of regulation they thought they were not supposed to face after setting up in London. The view, for the most part, is that London cannot expect to retain these banks unless they are exempted from accounting rules which they consider onerous.

Let-out

The consortium banks point to the merchant banks of the City, which have also avoided the standard. Here the let-out arose from the fact that these banks are not even required to tell the truth about their results and financial position on the traditional basis, so what was the point of trying to adjust figures for inflation that by their very nature were misleading?

The consortium banks do not have the legal privilege of the merchant banks. Their sensitivity emanated frof the fact that, as organisations which depended for their deposits on the short-term inter-bank market, they could not risk any depositor opening the wrong page of the annual report, and thinking a bank's results were historic figures showed a much better picture.

This argument loses much of its attraction, however, when considered against the exceptional enthusiasm which the London clearing banks have demonstrated for CCA. In their case, of course, the figures have provided useful ammunition against suggestions that they make very high profits and, can therefore afford to pay staff more, or deserve a windfall profits tax.

It will be some time—perhaps another year—before it is pos- how companies affected by new standard. At this stage, the secretariat of the Accounting Standards Committee is pleased with response so far. It says listed company non-compliance is running as low as 4 per cent —using a very broad measure for compliance, which credits all types of CCA initiatives.

At this stage it seems to be impossible to judge to what extent these companies are adapting CCA to suit their own purposes, though some undoubtedly are.

The ASC secretariat also reports increasing evidence that companies which have begun to use CCA for internal management information are finding it very useful.

After all the discussion and experimentation with inflation accounting in Britain, it is sometimes not realised that large companies in many other countries are also striving to find more appropriate methods of reporting their financial position and results during periods of inflation.

The Financial Times World Survey of Annual Reports 1980—which covered the annual reports of 200 major companies covering 20 countries—found that only a third were showing no recognition of changing prices in their accounts, while 44 per cent—76 companies—were making some response. The survey was based on the latest annual reports available in mid-1979.

The big tend to become bigger

STRUCTURE

ROSEMARY BURR

THE PRESSURES towards polarisation in the accountancy profession that emerged in the seventies remain in force. The last decade saw a major shake-up in the profession which resulted in a large gap emerging between a few giant firms and the mass of smaller fry.

As a result of what accountants euphemistically called a series of "mergers" many of Britain's medium-sized firms were swallowed up by their larger competitors. At the same time the major firms, based in the City, were in the process of forging links overseas — or in cases where these already existed, strengthening the ties by full scale mergers.

Witnessing

These moves towards concentration took place during a decade when the UK accountancy profession was witnessing remarkable growth. According to the registration department of the Institute of Chartered Accountants in England and Wales, practising members have increased from 12,500 ten years ago to 18,000 today. The figures mask the true impact of the profession, since about 75 per cent of the country's chartered accountants do not practise. There are currently roughly twice the number of trained accountants in the UK as in the rest of the member countries of the EEC added together.

The comparisons between Britain and the rest of the EEC point to the main growth area in Britain for the profession, namely the audit of all limited companies. About 60 per cent of the fees earned by British partnerships come from their auditing activities. It has been the growth of this side of their business plus the particular demands of the corporate client that have largely determined the structure of the profession today.

Figures on the fee income generated by UK accountancy firms are notoriously hard to find. As partnerships, the firms are under no legal obligation to reveal their earnings. In recent years the Financial Times Business Information Service has compiled a table of the 20 largest firms ranked by fee income. Estimates are used when a firm is reluctant to provide information but each practice has the chance to alter these if the figures are considered to be misleading.

What emerges from the figures, regardless of individual hiccups in earnings, is the rapid growth in overall fee income and relatively high earnings per partner. In 1980 the top 20 firms accounted for fees totalling about £400m, a 33 per cent increase on the previous year. This year the growth rate has slowed to 25 per cent.

The figures also indicate that in the current battle for growth the Big Eight—as the country's largest firms have come to be known as a group—are holding their own in terms of keeping their share of an increasing market. In 1981, as in the previous year, the Big Eight plus Thornton Baker, a regionally based practice with an interest in a U.S. operation, and Thomson McLintock, part of the expanding European federation KMG, together accounted for 50 per cent of the fee income earned by the top 20 firms.

So despite signs that the rapid growth witnessed by the profession in the 1970s is slowing the major partnerships appear secure in their dominance. The question then arises whether the competitive forces in the last decade which gave birth to the Big Eight are still at work and will result in yet more medium-sized firms being swallowed up by the giants.

The background to the spate of mergers in the 1970s is well known. As UK companies grew in size and spread their wings overseas, the accountancy firms which provided them with auditing, tax and management services, were forced to follow suit. What frequently started out as an arm's length association often became a more formal link. Arthur Young McClelland Moores, for example, forged an alliance with several European firms in the spring of 1980.

As the major firms strengthened their overseas links, the medium-sized firms came under growing pressure either to follow suit or merge their interests with the big boys. Many opted for the latter course, while others have yet to solve the dilemma.

But even without this demand for an increasingly international service the pressures on firms to merge grew during this period. The need to provide a comprehensive back-service which would keep both the firm's own staff and its clients up to date with the swiftly changing rules, standards and legislation with which they had to comply put a heavy strain on the resources of the smaller firms competing for corporate clients. In addition, absorbed within this figure, was expenditure related to churning out literature bearing the firm's name, one of the few means of "advertising" its services then open to a profession which formally forbade advertising.

Consolidation

Probably equally important as the external pressures placed on accountancy firms by their customers to form ever-larger units were forces within the profession itself. The '70s saw a rapid growth in the demand for accountancy services at a time when, although a large number of accountants were being trained, the demand for their services exceeded supply. In the battle to train and keep high-quality staff, the big firms had several advantages over their smaller competitors. The larger were able to devote more resources to training their staff, provide them with better job opportunities and as business was growing rapidly, an attractive career pattern with relatively rapid promotion and regular salary increases.

The move towards concentration appears to have slowed this year. Many large firms now say the profession is due for a period of consolidation as the big firms concentrate on making the mergers pay off and on marrying frequently different styles of getting and doing business into one consistent approach.

While this view has a comforting ring of familiarity, the pressures pushing medium-sized firms into mergers, either with partnerships of equal size or with the big boys, appear unabated. Several medium-sized firms say they are having difficulty keeping staff and, through the relative weakness of their overseas links, remain vulnerable to losing further corporate customers.

In addition, they view the relaxation of the ban on advertising this October with some trepidation. From October 1 firms can advertise their services provided decorum appropriate to the profession is maintained, in local papers. While this may benefit the smaller practices, the medium-sized firms do not wish to get involved in a public battle for clients with the big boys. Although the major firms appear relatively unenthusiastic about newspaper advertising, they clearly have the resources available.

There are also signs that companies, faced with a seemingly inexorable rise in audit fees, are beginning to shop around for auditors. It is no longer as rare, as formerly for a company to invite several firms, usually the Big Eight, to make a presentation on which they base their decision as to which auditor to hire. Joint audits are also becoming less frequent and with the recent growth in merger and acquisition activity smaller companies, alongside their auditors, are losing out.

The growing use of computers in audits also militates against the medium-sized firms. As one major firm said: "We used to audit around computers, now we audit through them. We have been dragged along behind the microprocessor revolution in British industry and now have to catch up." This means expenditure on both infrastructure, staff and training for the firm. In addition, it cuts out many of the jobs normally done by professional staff and places a greater burden on the partners, increasing their degree of contact with the client.

Advantages

In the battle for growth the Big Eight appear to hold all the aces. The growth areas in the future — local authority audits and high fee earners such as tax consultancy and management services — are activities where the bigger firms have undoubted advantages. While the overall growth in the demand for services of accountants in the UK may slow, the opposite pattern is emerging in the EEC, with new company legislation coming into force. One of the main areas of growth for British firms may well be on the Continent and even further afield.

FT study places Britain in fourth ranking

UK STANDARDS

BARRY RILEY

AT THE international level sheer bulk and glossiness may be no guide to the financial quality of a company's annual report. The Financial Times World Survey of Annual Reports 1980* was perhaps the first attempt at a rigorous comparison of the annual reports of 200 major companies; in cutting through the public relations superstructure in a search for high quality statistical information it came to some occasionally surprising conclusions.

The high quality of most U.S. annual reports was predictable enough and that country duly came out top of the national rankings. More surprisingly was the high standard set by the Dutch and Swedish companies in the survey. The very best annual report of the 200 in the survey was contributed by a Dutch company Philips—and these two countries succeeded in pushing the UK into fourth place in the overall rankings.

In selecting just 200 major companies from nearly a score of countries around the world the survey was of course being highly selective. It may not necessarily follow that small companies always follow the highest standards of their larger corporate compatriots. Nevertheless some clear trends emerged.

The most important factor determining the approach of companies to accounting standards and levels of disclosure of information is undoubtedly the influence of the capital markets in each country. Where stock markets are strong and active there is pressure on companies to adopt a high profile in reporting. Where capital is mainly channelled through banks public disclosure is likely to be much less impressive. In such countries bankers are likely to rely on direct contact with management rather than on the availability of published information.

At one end of the scale comes the U.S. with its highly active stock markets and a powerful Securities and Exchange Commission to ensure that the information back-up is sufficient to sustain efficient pricing of securities.

At the other end come countries such as Belgium, Italy and Spain where capital is normally provided through banks and heavily diversified holding companies rather than by directly tapping the savings of individuals. Japan is perhaps an odd case here; there is certainly a large and highly developed stock market but a reporting infrastructure more appropriate to a bank-dominated economy. But then the banks also play a major role in the financing of Japanese industry.

Within this spectrum the UK comes well towards the stock market-dominated end (though with the collapse of the bond market bank finance for companies is much more important than it used to be). The authors of the survey decided that on audited accounting information the UK ranked third among the countries in the survey, bettered only by the U.S. and the Netherlands.

Disclosures

But the survey also looked at disclosures in other areas. This included financial information, often on a supplementary and unaudited basis, in areas like inflation accounting, value added statements and segmental data. And it included non-financial information in fields such as employment reporting and the provision of statements about prospects.

Here the UK came much further down the list. Indeed on the basis of the least favourable classifications devised by the survey's authors—on the basis of non-financial statement information excluding value added statements—the UK came only 13th in the list, trailing behind countries like France, Belgium and Italy.

This is why—on the basis of the weightings chosen by the authors—the UK annual reports were only judged to be fourth best in the survey.

The U.S. also tended to show up badly in non-financial information, which again emphasises the importance of the stock market influence. Thus in the UK the average company is concerned to produce a compact document to send out to a comparatively large number of shareholders, and it is not normally anxious to bulk out its document with all sorts of non-statutory disclosures which shareholders may find superfluous.

In contrast, in some other countries shareholders are less numerous and companies are more inclined to turn the annual report into a brochure appealing to various other categories of user. The employees are clearly an important group here, and the quality of employment data common in countries such as Sweden and France was one of the revelations of the survey.

Tailoring

But the response of the typical British company appears not to be to attempt to emulate some of these Continental practices but rather to develop multi-reporting techniques aimed at tailoring different documents to different users. The major development here has of course been the employee report, a shortened and simplified guide to the company's financial and other achievements (not to be confused with an *employment* report which covers a company's use during the year of human rather than financial resources).

What about the quality of the specifically financial information available in the UK? Certainly most companies showed up comparatively well here, the survey's overall top ten featuring BAT Industries and BP, as well as the Royal Dutch/Shell group and Unilever, which though both strictly speaking Anglo-Dutch can be partly claimed for the UK total.

British companies comply satisfactorily with most of the international accounting standards (though these are necessarily rather broad in scope). A list of domestic UK accounting standards has been built up and generally speaking compliance with these by listed companies is good, even though they do not carry statutory backing.

The Stock Exchange has played a role in this, most notably in the development of inflation accounting on a voluntary basis before the introduction of SSAP 16. It has also imposed additional rules for segmental reporting even though no standard for this has yet been devised.

The survey nevertheless uncovered a number of minor accounting areas in which the UK performance was less than fully satisfactory. The treatment of leasing commitments, for instance, is often hazy—there is as yet no UK accounting standard for leased assets. Information on pension costs also tends to be patchy.

Meantime international comparability leaves a lot to be desired. The UK practice on deferred tax is a particular problem here, since it is a peculiarly British solution to a special difficulty arising from high inflation rates, leading to tax concessions in the areas of capital write-offs and inventory growth.

The dual nationality groups Royal Dutch/Shell and Unilever have of course run into auditing trouble over this, especially in the former case where the group tries to comply with U.S. as well as UK and Dutch standards all at once.

The World Survey also covers auditors and the picture here in the UK is that the top international firms completely dominate the scene for large companies such as those surveyed—something that is true also for the U.S., Canada, the Netherlands and Scandinavia.

* *Financial Times World Survey of Annual Reports 1980, by Michael Lafferty and David Cairns. Published by the Financial Times Business Information.*

Strong array of world bodies

INTERNATIONAL SCENE

MICHAEL LAFFERTY

THESE DAYS leading accountants from all over the world *meet regularly* to discuss matters such as international accounting and auditing standards, ethical guidelines, international co-operation in education—and even possible standards for management accounting.

They are the creatures of the rapidly expanding world of international accounting; a world which takes in a growing number of international accounting firms, and includes an array or organisations with initials like IASC, IFAC, UEC and more.

All this is a *reflection* of the fact that accounting is very much the language of worldwide business. And most of *these organisations* devote their time to trying to bring about some uniformity and commonality.

Probably no other profession is now organised on quite such *an international* basis as accountancy. The top point of this organisation is, of course, the International Federation of Accountants, which is based in New York, at the headquarters of the American Institute of Certified Public Accountants.

IFAC is, however, a relatively young organisation, dating only from 1976, when thousands of accountants met at the last world congress in Munich. It came about despite the fact that another organisation, the International Accounting Standards Committee, already existed, having been formed in 1975.

IFAC is in fact, a much more all-embracing institution for accounting than IASC. It is, if *anything*, the UN of the accountancy professions of the world. An indication of its activities is provided by the list of committees which were immediately established in Munich. They were:

1. Auditing practice
2. Education
3. Ethics
4. Management accounting
5. Regional organisations
6. International congress
7. Planning.

The main aim of the auditing practices committee is to develop guidelines—not standards—on generally accepted auditing practices, auditing procedures and methods, and the form and content of audit reports, as well as to promote the voluntary acceptance of such guidelines.

The education committee is concerned with reviewing and publishing developments relating to basic training and continuing professional education, a field which Dr Reinhard Goerdeler, IFAC's first chairman, thought would be to the advantage of both the developing and developed countries.

The ethics committee is mainly concerned with ethics and independence, an area of considerable importance for a profession where there is such a large element of international practice.

Probably the most important IFAC committee, from the point of view of its own development worldwide, is the regional organisations committee. Its function is to establish, promote, and work with regional professional organisations for areas like Europe, Latin America, and so forth. These organisations, in turn, are supposed to relate to the national accountancy bodies, which have direct contact with the mass of accountants on the ground. The regional organisation for Europe is UEC.

For the most part, however, the work of IFAC and the regional organisations is non-controversial. Critics would say that their function is more concerned with promoting the interests of a relatively small elite within national professions, many of whose members come from the Big Nine international accounting firms.

Spate

The same cannot be said of the International Accounting Standards Committee, whose spate of activity has resulted in the publication of standards in some areas which have yet to be covered by the UK profession's own Accounting Standards Committee.

This has taken IASC into many controversial areas of measurement, where the variety of practices around the world is so great and positions so entrenched that the best it has been able to do is point the way towards better practice. Thus, the standard on consolidation says that consolidated accounts should be published when companies *form* a group, but much of the detail about precisely how this should be done is omitted.

Another example is the depreciation standard, which states little more than that depr[illegible]iable assets should be depr[illegible]iated over their useful lives.

Having said that, IASC has on occasion ventured in some detail into very controversial areas. Examples include its proposals on segmental reporting, or disaggregation in financial reporting, and disclosures in the financial statements of *banks*.

IASC's work on bank accounts was contained in a discussion paper issued a few years ago, which dealt bravely with highly contentious issues such as window-dressing, secret reserves and other odd practices which combine to make the financial statements of most banks less than fully informative.

This work started partly as a result of an initiative from the Basle Committee of Bank Supervisors. However, it eventually came to nothing because national banking associations and central banks were so opposed to its concepts.

But at least IASC put its foot in the water, and suggested a way which almost certainly will be forced on many more of the banks of the world by the turn of the century. Its work will serve as a guide to national lawmakers and standard-setters.

So far IASC is committee of accountants, and the bias is strongly towards the practising side of the profession. This is likely to change at lest a little over the next five years, if proposals to involve preparers and users of accounts are implemented.

This line of development, in turn, is one of the principal factors working to keep IASC independent of IFAC, where as a committee it would not be seen to be entirely independent of accounting interests.

But the array of organisations working in the international accounting field is not limited to professional bodies. Also at work is a committee of the United Nations, which has already published certain proposals for the content of the annual reports of multinational companies. This is an intergovernmental group, and seems to gain much of its motivation from concern among developing nations about the activities of what the UN calls "transnational corporations," or "TNCs."

The UN committee's work has *so far had little real impact*, outside the small group of international accounting enthusiasts. But multinational companies nevertheless keep a close eye on its activities, fearing perhaps that some day it will manage to-

CONTINUED ON NEXT PAGE

Limited freedom ahead to advertise

SOLICITATION OF BUSINESS

JEREMY STONE

IT WILL be five years this August, since the Monopolies Commission reported on the accountancy profession's self-denial over advertising.

The Commission observed that "however devoted the members of a profession are to carrying out their special responsibilities, they are all at the same time in a business to earn a living by supplying their service." It went on to note that "the public are well aware of this" and accordingly did not "think they will be surprised or shocked if members of the profession invite custom explicitly and informatively."

The Commission recommended that any accountancy practice in Britain should be permitted to use whatever means of publicity it thought fit, whenever it wanted to, provided that the publicity was accurate, did not claim that the practice in question had any special merit, and could not reasonably be thought to bring the profession into disrepute.

In April it was announced that from October 1 some limited effect will be given to that recommendation. Accountants will be allowed to advertise accountancy, book-keeping, *trustee work, personal or corporate* tax (or both) together with advisory services relating to any of these areas.

The profession's rules will be more exacting than those suggested by the Commission. It is required that an advertisement:

● should not contain explicit criticism of the quality of service *obtainable from other* practices;

● should not make claims to any particular expertise;

● must be factual and not likely to mislead;

● must be of a style and content "appropriate to the profession."

In addition, it must simultaneously abstain from referring to fee levels, while carrying a "health warning" stating that the fee to be charged will be discussed with prospective clients before work is undertaken.

Another way the liberalisation falls short of the Commission's ideas is that the freedom to advertise extends only to local papers; not quite the same thing as the liberty to use whatever means of publicity a firm thought fit.

Suspicion

Mrs Sally Oppenheim, Minister for Consumer Affairs, nevertheless welcomed the move. The new rules "appear to go a long way towards remedying or preventing the adverse effects identified by the Monopolies and Mergers Commission Report," she said in April. It is hard to avoid the suspicion that the Minister was making the best of a bad job.

Another way the liberalisa*tion falls short of the Commis*sion's ideas is that the freedom to advertise extends only to local papers; not quite the same thing as the liberty to use whatever means of publicity a firm thought fit.

The joint statement of the four professional bodies conceded very little. "The Councils of the four bodies were not persuaded that the Monopolies Commission had made out its case," they said, but were now conscious "that it is difficult to justify a complete ban on practice information being published."

The profession was really convinced only by the case that there might be some potential users of accounting services who were unable to locate a suitable firm by the usual combination of personal recommendation and a search through the yellow pages. This possible predicament justified the—very restricted — tombstone-style on advertising which is now going to be seen in the local press.

Some other points made by the Commission do not seem to be answered by the concessions which are at last in train. They *will do nothing to remove the* public misapprehension (held by the Commission to exist) that "all accountants can be expected to be equally competent and suitable for their various purposes." But at least they will remove the previous disadvantage suffered by new accountants, whose chance of setting up in competition with established practices was surely hindered by "inability to advertise for clients."

Cynics have long held that no major accountancy firm had any difficulty in advertising in the national press. A semi-loophole in Section E of the ICAEW handbook for members allowed greater latitude in the presentation of a firm in appointments columns, on the grounds that "it would be most unlikely that a potential client would use such media to select his professional adviser."

The use of display advertising in the appointments column is said to be headed for a decline. The labour market is so slack that one top firm is now raising the quality of its staff by asking failed examinees to resign, whereas previously, standards had to be defended by aggressive recruiting. Even so, it might be premature to herald the disappearance of accountants' advertising from national newspapers.

Many and varied services

THE SMALL FIRMS

TIM DICKSON

BIG FIRMS inevitably get most of the publicity but the only contact which many businessmen have with accountants is through the small practitioner. There are many thousands of firms — noboby knows their exact number — dotted round the country with five partners or fewer. But smaller practitioners are not necessarily identifiable by their size. There are, for example, some highly specialist London firms with only a handful of partners which do not fit into this category.

Small practitioners are best defined as "jacks of all trades." Typically they deal with the affairs of small business clients, often family companies or individuals, and are expected to tackle a wide variety of tasks from the straightforward audit to answering complicated queries about national insurance legislation.

Small firms generally live quite happily on this local sustenance — it is their medium-sized brethren, if anything who have found the going a bit tough —but the recession has undoubtedly made its impact on *smaller practitioners'* lives.

Many of their clients have inevitably found themselves in financial difficulty and while this not surprisingly makes extra demands on accountants' time, the fees earned through this extra work are not always immediately forthcoming. "Ironically, many companies have to seek expert advice at a time when they can least afford to pay for it," says Mr. Simon Westhead, chairman of the Institute of Chartered Accountants Smaller Practitioners Advisory Committee (SPAC). "It is putting a bit of a strain on the finances of some of our members."

Because they are often actually on the client's premises smaller practitioners have to deal with an intimidating range of tax, legal and financial queries. One of SPAC's major roles, working through the Institute, is to try and cut down some of the complex legislation of recent years. "We have to interpret all this for our clients but the situation has really got out of hand in recent years," says Mr Westhead. SPAC helps by reporting back to members and organising courses through the Institute's Courses Committee.

SPAC was set up about four years ago to ensure that the views and needs of smaller practitioners were not overlooked by the Institute. There is a general feeling that the Institute is now more geared up to listen to this section of its membership, though one battle currently being fought centres on training. SPAC feels that the Institute's exams are too academic and *would prefer a more practical* approach. As one member of the committee points out: "Quite a lot of firms have made a conscious decision not to take on too many trainees for the chartered accountancy exams. It's just too expensive."

Proposals set off fresh controversy

PUBLIC SECTOR AUDITS

ROBIN PAULEY

DURING THE debate about public expenditure levels and efficiency in the public sector, the spotlight has focused increasingly on the public audit system. Numerous proposals for change or improvement have been made, the most detailed and wide-reaching of which have come from the influential Commons Public Accounts Committee (PAC).

The key change would be the merger of the Exchequer and Audit Department (E and AD), headed by the Comptroller and Auditor General (C and AG), and the District Audit Service, *headed by the chief inspector of audit.*

The new office would be enlarged and called the National Audit Office, headed by the C and AG. Its expanded role would give it the right of access to the accounts of all bodies, state and private, in receipt of public funds and it would be responsible to Parliament.

This would fulfil the crucial aim, in the PAC's view, of ensuring that the use of all money voted by Parliament is held accountable to Parliament—which is certainly not the case at present. But this idea throws up some very difficult constitutional issues, particularly concerning the position of local authorities and nationalised industries. As the PAC is already hopelessly overburdened with work is also raises practical problems about the feasibility of this Commons committee taking on vast new areas of responsibility.

The C and AG is presently responsible for the audit of about 60 per cent of all public expenditure, mainly on the basis of legislation passed in 1866 and 1921. Since then the role of Government financing has expanded enormously. There has been a large and still growing expansion in value-for-money (VFM) audits, in addition to financial audits. Although much of the E and AD work is now in the VFM field there is no statutory authority for such audits—a deficiency which the PAC plan would remedy.

The PAC disagrees in principle with the Government Green Paper on the role of the C and AG which says that a decision on whether or not to recommend it to examine the affairs of a body "ought to reflect a degree of responsibility for that body [by Ministers] extending beyond a responsibility simply for the payment of money from voted funds."

The PAC takes the opposite view, saying that receipt of money from voted funds implies a degree of responsibility to the House of Commons for the use made of that money, whether or not there is direct Ministerial responsibility for the day to day affairs of the body concerned.

This principle lies behind all the main PAC recommendations which are:

- the C and AG, heading the new National Audit Office should have the right to audit the accounts of a grant-financed body mainly supported from public funds and the accounts should be laid before Parliament;
- the C and AG should have access to the books and records of other non-departmental bodies and report the results of his examinations to Parliament;
- the C and AG should have access to the books and records of nationalised industries and other public corporations to enable him to report to the Commons (although the present arrangements for financial audit should continue);
- it should be a condition of all grants or loans of money voted by Parliament to privately owned companies or other bodies (whether of a commercial nature or not) that the C and AG should have access if he wishes to the books and records;
- District Auditors and their staff should be transferred from the Environment Department to the C and AG staff and the C and AG should report to Parliament matters arising from local authority audits;

The approval of auditors for local authorities should become the responsibility of the Chief Inspector for Local Government External Audit and *not* the Environment Secretary;

- consideration should be given to transferring the functions of the Commission for Local Authority Accounts in Scotland to the C and AG;
- external audit of health authorities should be transferred from the Health Department to the C and AG.

Powerful

Control of this powerful new body would be vested in a new Public Accounts Commission of MPs including the PAC chairman. The Commission would appoint the Chief Inspector of Local Government External Audit, appoint the staff of the National Audit Office (NAO), decide the staff numbers of the NAO, their pay and service conditions, prepare an annual estimate of the NAO and appoint an accounting officer responsible for accounting the sums paid out of money for the NAO.

The new department would comprise the existing 800 staff of the E and AD plus the 600 in the district audit service. More staff would be needed to cope with the expanded workload although the short-term possibility of obtaining permission for increases in civil service complements looks remote at a time when the administration is cutting back in all departments.

Even within its present remit the E and AD finds itself under great pressure as the demand for VFM audit has increased simultaneously with exhortations from first the Treasury and then the Civil Service Department to contain expenses.

It is here that the first suspicions of a possible political interference in the business of audit have raised their head.

The Government wants more VFM audits in local authorities and also wants much more work done in the private sector—or at least put out to tender between the public and private sector. At the same time Mr Michael Heseltine, Environment Secretary, has made bigger cuts in the auditing staff than in any other section of his Department; staff in the central district audit service have been reduced from 297 on May 1, 1979 to 270 on December 1 1980 according to a Parliamentary answer by Mr Heseltine in February. The corresponding fall in the central Environment Department was from 2,961 to 2,754.

There is no suggestion so far of political interference but there is the fear that it could be interpreted as such. A Secretary of State could say, for example, that the audit department was clearly overstretched and that there was therefore no alternative but to ask the private sector to undertake some aspect or other of audit work. The ordering of special extraordinary audits into an aspect of some authorities' expenditure — high-spending Labour councils, for example—could also be seen as a political act.

This could all undermine the essential touchstone of the audit service—absolute public confidence in its independent and apolitical nature. Moving the audit service out of the Department would remove this risk, although there is then the problem of whether or not the Environment Department or the Treasury might not at some point be able to attempt to exert influence through the E and AD.

Implementation

Supporters of PAC view that the district audit service should be merged with the E and AD will argue that implementation of modern audit techniques could then take place across the public sector and the experience gained could be readily used elsewhere. The common planning of the disposition of audit resources will mean better use of audit expertise, including a consistent approach to use of private sector audits, and the strengthening of central support services for auditors would greatly improve their efficiency. In addition a better career structure would be possible enabling better quality entrants to be attracted to public audit—an increasingly serious problem at the moment.

The arguments against the PAC line are equally strong. The Government would prefer to tighten the principles of public audit within the present structure. The nationalised industries and public corporations are against the PAC plans and have serious fears about what they see as a threat to commercial confidentiality — fears with which the Government has some sympathy.

Local authorities are opposed to the proposed changes and are quite happy with the present system. They also feel that putting devolved local authority spending under Parliamentary scrutiny involves a change in the constitutional relationship between local and central government.

Mr Heseltine proposed an alternative plan which the PAC rejected as being "clearly not the answer" but which has since attracted the support of both the Confederation of British Industry (CBI) and the Institute of Chartered Accountants in England and Wales. He wants an independent Accounts Commission which he says would safeguard public authorities' independence but which would improve the "abysmal" quality of public sector accountancy.

Although he accepts the district audit service is efficient and highly respected he wants a significant improvement in public sector management accounting systems. His commission would have substantial but not majority representation from local authorities. The CBI sees its advantage as making councils accountable to their electorates in the first place rather than to Parliament.

Private sector accountants hope that an Accounts Commission with power to appoint auditors would pass a lot more work their way—a prime objective at £40,000-plus for a major county council audit. With the private sector work having (temporarily at least) peaked, public sector audits represents the last major possible growth area for accountants and the timing of local authority accounts with a year-end on March 31 would conveniently fill in slack time, since most private companies close their financial year on December 31.

The extreme divergence of views could result in any proposed legislation being deferred again.

Talks reach broad agreement

LOCAL AUTHORITY ACCOUNTS

ROBIN PAULEY

A YEAR ago there was a good deal of discord between the professional accountancy organisations in the public and private sectors about the quality of public sector accounts, particularly those of local authorities.

That disharmony has been replaced by a broad measure of agreement, thanks mainly to the Accounting Standards Committee on which members from both sides have sought to draw up codes of practice and adopt common accounting practices wherever possible. The Chartered Institute of Public Finance and Accountancy (CIPFA) has led for the public sector and the Institute of Chartered Accountants for the private sector.

The committee has been considering the statements of standard accounting practice (SSAPs) and issuing guidance notes on their application and relevance to local authorities. It is soon to issue its views on SSAP 5, accounting for value added tax; SSAP 6, extraordinary items and prior year adjustments; SSAP 8, treatment of taxation under the imputation system in the accounts of companies; SSAP 10, statements of source and application of funds; SSAP 13, accounting for research and development; and SSAP 15, accounting for deferred taxation.

It has already considered SSAPs 2, 3 and 4 and issued notes to all local authorities. SSAP 1 concerns earnings per share and is not applicable, therefore, to councils. But agreement on numbers 2 and 4 has laid important foundations for future common standards.

Number 2 concerns the disclosure of accounting policies and requires, among other things:

- the basis on which debtors and creditors outstanding at the end of the relevant year are included in the accounts;
- the nature of substantial reserves, provisions, contingent liabilities and deferred charges included in the accounts;
- the basis on which provision is made in revenue accounts for the redemption of debt;
- the basis on which capital works or expenses are recorded in the balance sheet;
- the basis of valuation of real property investments;
- the basis of depreciation provisions;
- the extent to which central administrative expenses are allocated over services.

Presumption

SSAP 2 also says that if there is no definite statement to the contrary there will be a presumption that four basic concepts have been observed: (1) the "going concern" concept; (2) the "accruals" concept; (3) the "consistency" concept; (4) the "prudency" concept.

Mr. Peter Brown, chief accountant of Dudley Metropolitan Council, writing in *Public Finance and Accountancy*—CIPFA's magazine, which has given extensive attention to the SSAP debate said: "SSAP2 is short, simple, common-sense and undemanding. In essence it says you may commit murder providing you declare it in a note to the accounts. Other SSAPs tell you how to do certain aspects of accounting; SSAP2 merely requires you to explain what you have done clearly, fairly and as briefly as possible."

SSAP4 deals with the accounting treatment of government grants. The committee's guidance notes says this requires government grants relating to capital expenditure on fixed assets to be credited to revenue over the expected useful life of th asset.

This can be done either by reducing the cost of the acquisition of the fixed asset by the amount of the grant or by treating the amount of the grant as a deferred credit, a portion of which is transferred to revenue annually. Any other method of achieving the same objective is acceptable under the standard.

Councils have in practice carried the grant to a "capital grant applied account," effectively reducing the amount debited to revenue annually by way of loan charges. This method achieves the SSAP4 objective because the financing period is usually the same as the expected useful life of the asset. Some grants, however, are not asset-specific which implies a broad assessment of the period over which the revenue benefit of grant is taken.

The Committee recommends councils to try to match capital grants with the financing of the revelant assets and account for the net transactions in their revenue accounts.

The notes on these two SSAPs and those to come are the basis of an important consensus between the public and private sectors. The SSAPs have applied in the private sector to all financial statements purporting to give a "true and fair" view of the financial position and profit and loss.

The private sector has long complained that councils should also be required to give a "true and fair" account; the public sector replied that the rules and conventions applying to it were a good deal *more* stringent than those in the private field. The move towards consciousness and application of SSAPs in the public sector resolves this problem.

On another front local authority accounts have been widely criticised over the years for the standards of presentation by the accountancy profession and for their alleged incomprehensibility by the ratepayers.

The truth is that the good have been very good and the bad have been dismal, occasionally appalling. For some years there have been moves to standardise local authority accounts and there has been a great improvement, particularly in ironing out the confusions and misunderstandings over the concept of capital which have time and again made a nonsense of balance-sheets.

In a further attempt to improve the quality and presentation of accounts and to provide information in a way which can be easily and quickly interpreted by most ratepayers rather than just a few accountants a new code of practice has been agreed. This is the result of more than a year of consultation between the Government, councils and CIPFA.

Easier

The object is to give ratepayers clear information about local government activity and to render it easier for them to make comparisons and judgments about the performance of their own council.

The code recommends that key statistics and indicators should be compiled and pub*lished on a standard basis to* enable meaningful comparisons to be made between councils and between succeeding years.

These include local authority manpower per 1,000 population and net costs of each service per 1,000 population. Most service categories should be displayed as net cost per 1,000 population and education should be presented both in terms of the pupil-teacher ratio and the gross cost per pupil. School meals will be shown as a revenue to cost ratio and pupils receiving free meals will be indicated as a proportion of the school roll.

In *detailing* their revenue expenditure and income for the year councils should give an indication of how the overall financial outturn compares with the budget for the year and an explanation of major variations.

The annual report should be published as soon as possible after the accounts are closed and anyway by the end of September even if the accounts have not been audited by then.

World bodies

CONTINUED FROM PREVIOUS PAGE

publish recommendations for disclosures, which will then be taken up by developing countries.

In Europe, governments are also working together through the European Community to harmonise accounting standards. This is of much greater relevance and immediacy to both accountants and companies in Europe today.

The EEC work is for the most part the result of the company law harmonisation programme. So far only one directive, the fourth, on company accounts, has been published. This is now being implemented in national legislation throughout the EEC.

The fourth directive will eventually be followed by the seventh on group accounts, and eventually by a series of specific directives in certain areas of accounting. Some accountants think that the EEC Commission will one day create a body like the European Securities and Exchange Commission to supervise these directives.

Pressure to widen programme

TRAINING I
IAN RODGER

THE ACCOUNTING profession has come under increasing pressure in recent years to widen the scope of its training programme.

A large proportion of accountants choose careers in industry and commerce and so, it is argued, all students should spend part of their three-year training contract (articled) period working in industry instead of spending all the time in professional accounting firms.

The arguments for and against this change in training methods have been rehearsed since the Solomons Report more than a decade ago but so far the profession has managed to avoid taking any action.

Those in favour of the status quo argue that an accounting firm concerned with the maintenance of high standards is the best environment in which to gain basic accounting knowledge. A student also gets experience with a wide spread of clients in different industries and a professional stance of objectivity is promoted.

The weaknesses of a training programme that takes place only in an accounting firm are that firms deal almost entirely with past events. Expertise is gained in meeting accounting and auditing standards which require conformity rather than the exercise of judgment. No experience is acquired in wealth-creating functions, such as management accounting, tax planning and foreign currency management.

"Industry wants accountants whose education and training has been conditioned by working with people who are making things happen," Mr P. J. Custis, finance director of Guest Keen and Nettlefolds, has written. "Financial reporting of past performance has to be seen as an essential but secondary function."

Mr Custis acknowledged that there is a case for leaving the training of financial executives for industry to other bodies such as business schools, but his preference was for the Institute of Chartered Accountants to recognise that there are two kinds of chartered accountants these days. Thus two streams of training contracts could be organised, one practice-based and the other effectively for industry.

"What is required of members is that they should make a positive decision so that even if no changes are made this is a conscious policy rather than a continuance of drift."

Pressure on the Institute has also come from The 100 Group of Chartered Accountants. In January 1980 a working party led by Mr. Michael Julian, finance director of BICC, warned that industry might stop preferring chartered accountants for jobs in financial management unless the training programme was widened. The working party urged that selected companies in industry and commerce be allowed to introduce approved training schemes.

The English Institute held a special debate on the subject last November and a narrow majority voted in favour of having some training carried out in industry. Since a substantial majority was required, however, it was impossible to move on the vote. The Education and Training Directorate of the Institute is now reconsidering the question for the final report of its three-year review of all education and training issues due at the end of this year.

The profession has also been criticised for the severity of the training contract, as everything can hinge on a final examination at the end of the three-year period.

The Institute does not yet have any statistics on pass rates but it believes the rate remains fairly constant. Some guidance comes from comparing the entry rate, which has grown from 4,000 in 1973 to 5,200 last year, with the 3,000 who passed their final examinations last year. A significant trend in this period has been the increase in the proportion of graduates entering the contract from less than half to about three quarters.

The Education and Training Directorate has proposed abolishing the final examination, relying on the mid-course exam and a continuing assessment process for the remainder of the course.

It has also suggested that only graduates from specialised accountancy courses should be allowed to enter the contract directly. Graduates in other subjects and non-graduates would first have to pass an examination for the Certificate in Accounting Studies, normally after at least six months of study.

These proposals were discussed at a symposium in the spring of 1980 and the outcome will appear in the directorate's final report as well.

Junior qualification in own right

TRAINING II
ANTHONY SAINSBURY

RELATED TO the training of future chartered accountants is that of their junior colleagues the accounting technicians. The latter are now organised, as students and members, in the association of Accounting Technicians, which began operation in January when it took over the functions of the Institute of Accounting Staff, set up by the Association of Certified Accountants some years ago, and of the Association of Technicians in Finance and Accounting, subsequently set up by the other three London-based CCAB bodies.

Its aim is to award a junior accounting qualification, respected and wanted in its own right. Only incidentally does it see its task a providing a bridge or a ladder to membership of one of its four sponsoring bodies; it certainly does not aim to provide a widely used alternative route. It dislikes being called a second tier body; it feels perfectly respectable at its own level, believing that there is a good job to be done by the provision of such a recognised qualification.

The qualification is intended for anyone engaged in the various aspects of the finance function, wherever employed, at a level requiring some proof of professional competence but standing short of that required by, say, Section 161 of the Companies Act or its equivalent responsibilities in other fields.

The qualification normally requires the attainment of three years' approved practical experience and a proven level of professional education. This is tested by success in the Association's own three-level examinations, to be set for the first time in June 1982 and every six months thereafter, or by the attainment of a Business Education Council (BEC) National Level Award in Business Studies.

Exemption

One of the first assumptions by the Association was that although the mature student might prefer to take an externally assessed examination, the younger candidates might be expected to follow the BEC route, internally assessed. Hence the Council has evolved the normal route of exemption, plugging into the existing educational system to make the best use of resources. But where BEC courses are not available or appropriate, or where external assessment is preferred, the Association will act as an examining body.

Another cardinal assumption is that students and members will identify with the sponsoring body most appropriate to their employment or ambitions. All four senior bodies see the Association as existing in its own right; to a greater or lesser extent, each sees it as being in a special relationship to them.

The Association has recognised two gaps that have widened since its predecessors were set up. One is between the basic level originally thought of as appropriate for junior qualification, and the entry qualifications at senior bodies which have generally risen in recent years. The other is between the age groups of students; a greater number of younger recruits is expected in proportion to the majority of mature students registered in the past.

Council is therefore preparing to introduce an advanced grade of membership for senior accounting technicians. This implies no lowering of the level expected of members, or of the standards required of students. It reflects the perceived need to cater for the minority of members who do not aspire to bridge the gap to one of the senior bodies but who do reasonably expect some recognition of increasing responsibility, experience and expertise among their own ranks.

The potential of the Association, within the UK and overseas, is very great. But its successful realisation will depend upon the recognition of its qualifications as being a valuable one. One of its main tasks will be to convince both future chartered accountants and future accounting technicians that this is so.

Mr Sainsbury is secretary of the Association of Accounting Technicians, 21 Jockey's Fields, London WC1R 4BN.

Progress to the top in industry

FINANCE DIRECTORS
ROSEMARY BURR

BRITAIN'S FINANCE directors are a remarkably homogeneous bunch. The typical company director holding the financial reins is a non-graduate chartered accountant in his late forties. Compared to the U.S., where the overwhelming majority of finance directors hold university degrees, Britain's chief financial officers are of relatively low academic calibre.

These are main observations drawn from a report on the responsibilities, background and pay of chief financial officers in the UK produced by Heidrick and Struggles, international management consultants.

The report includes an identikit picture of a typical chief financial officer, the term used to identify the top manager responsible for a company's financial affairs. About 80 per cent of these officers are board members, with the title finance director.

Archetypal

The archetypal finance director is a 48-year-old non-graduate chartered accountant who has been with the company for 13 years, the last six in his present position. He has had two or three former employers and has worked his way up through the budgetary control and treasury operations with little, if any, general management experience.

Most chief financial officers' gross take-home pay was in excess of £20,000 last year and a few earn over £50,000. The average executive earnings was £30,275, which marked a 60 per cent rise over the previous four years during a period when the retail price index rose by 50 per cent.

Southerners appear to dominate the ranks of financial officers, a position they have maintained in the past four years. There is still a link between the birthplace of the executive and the traditional centre of a particular industry, with financial directors of textile companies tending to be Northerners and those of engineering and construction companies hailing from the Midlands.

Only 9 per cent of Britain's finance directors are from overseas. They are mostly Americans and tend to work for chemical and petroleum companies but not, as might be expected, in electronics and business machines.

There are some signs of change. Finance directors under 45, now 41 per cent of the total, have a higher percentage of graduates among their ranks than their older counterparts. In addition nearly a third of the under-40s have attended business school, compared to only 17 per cent of the total.

A potentially worrying conclusion of the report is the speed with which the responsibilities of a company's chief financial officer are being widened to encompass more long-range planning and analytical tasks, such as the impact of financial policy on overall business strategy. The report shows the job of finance director has changed "significantly over the last five years" yet the man doing the work was basically trained for "routine accounting work."

Many finance directors see inflation, and the need for more effective asset management, as the main impetus to the changing nature of their jobs. Outside forces, whether domestic legislation or the need to manage currencies in response to a company's growing overseas business, have also forced the finance director increasingly out of the back room into the hot seat at board room meetings. Nine out of 10 chief financial officers report direct to the company's chief executive or equivalent.

Dropped

Finance directors now spend less time engaged in what are regarded as their traditional tasks, such as internal audits. Four years ago nearly 80 per cent of the chief financial officers were responsible for the company's internal audit but this percentage has now dropped to just under 60 per cent.

The introduction of computers and delegation of routine accounting work have lightened the work-load on the finance director but has also highlighted the need for the person filling this post to have a broader financial training than many accountants can possibly have acquired. The end could be achieved by several means. A higher percentage of accountants could be encouraged to gain a university degree before their professional qualification; companies could provide their employees who are trained as accountants with a wider variety of job experience: last, more staff could be hired with broader financial education and training.

COMMODITIES AND AGRICULTURE

Recovery for palm oil market

By Wong Sulong in Kuala Lumpur

THE PRICE of palm oil is expected to remain firm in the coming months, although opinion on its long term prospects are divided, Datuk Paul Leong, the Malaysian Primary Industries Minister, told an international palm oil conference here yesterday.

He said after nearly two years of sluggish prices, crude palm oil has recovered and was currently traded at around 1,150 ringgit per tonne on the Kuala Lumpur Commodities Exchange, which has also seen active trading in recent weeks due to short supply.

"With the usual trend of a drop in May and June production, and expected increase of intakes of vegetable oils and fats in the world market, palm oil prices can be expected to remain firm for nearby positions," he said.

Datuk Leong said in the long term, some experts feel there would be a surplus of oils and fats around 1985, while others feel that the very low per capita consumption in many populous countries, production might not be able to meet demand.

Datuk Leong predicted that by 1985, palm oil would account for 23 per cent of world export trade in oils and fats, compared with the current 15 per cent.

Malaysia's own palm oil production was expected to increase from the current 2.6m tonnes to 4m tonnnes by 1985 and 6m tonnes by 1990.

Copper wirebars contract to go

BY JOHN EDWARDS, COMMODITIES EDITOR

THE COPPER wirebars contract on the London Metal Exchange—one of the best-known price indicators—is to be phased out from September 1 and disappear entirely on November 1. It is to be replaced by a new high-grade cathodes contract. The decision by the Metal Exchange to replace wirebars with high-grade cathodes was agreed in principle last year following pressure from both producers and consumers. They claimed that with wirebars production gradually fading away in favour of continuous rod output, it is far more realistic to base prices on high-grade cathodes which now account for the bulk of copper traded.

Under the new arrangement both high-grade cathodes and wirebars will be deliverable against the higher-grade cathodes contract. The existing cathodes contract will be renamed standard cathodes. It allows delivery of lower quality cathodes and has, therefore, not been popular with producers in particular who fear its prices may be artificially depressed by poor-grade supplies.

Producers of quality copper are anxious to reain the price premium normally enjoyed by wirebars in their supply contracts with consumers. The LME quotations provide the price basis for copper supply contracts, outside North America.

Some traders are apprehensive about the decision to scrap the well-known wirebars contract, especially bearing in mind the failure last year of the bid to make high-grade tin the main contract.

At the same time the Exchange announced that in response to trade requests it is to allow T-bars to be delivered against the aluminium futures contract as well as ingots.

Meanwhile copper prices eased again yesterday with cash wirebars losing £5.25 to £858.25 a tonne. The decline followed news that the strikers at the El Teniente smelter in Chile are to return to work on Friday ending their 60-day stoppage. The market was also upset by the 14 per cent fall in U.S. housing "starts" during May and doubts as to whether the downward trend in U.S. interest rates would be maintained.

EEC plans to sell more sugar

BRUSSELS. — The EEC Commission plans to sell another 500,000 tonnes of sugar from the 1980-81 campaign, and will continue its weekly tenders through July and August if necessary to meet the target, Reuter reported. This would boost total EEC exports to 3.1m tonnes and mean a reduction in Community stocks.

The 1980-81 marketing year technically ends on June 30, but it was noted that in past years selling tenders have continued throughout the summer.

The 500,000 tonnes of EEC sugar still to be sold includes 375,000 tonnes, previously authorised for export when the Commission was charging a levy, rather than granting subsidies, because world market prices were above EEC levels.

The amount still to be sold by the Commission is very much in line with traders' estimates and therefore had little impact on the world market yesterday. Values moved up initially in line with the higher trend in New York overnight, but the market then eased on reports that India had rejected offers at its buying tender. October futures, after reaching £204.75 at one stage, closed at £200.125 a tonne, still £4 up on the previous close.

AUSTRALIAN BEEF

Industry feels the pinch

BY PATRICIA NEWBY IN CANBERRA

OPTIMISM for the Australian beef industry expressed by the Bureau of Agricultural Economics (BAE) and the Australian Meat and Livestock Corporation (AMLC) as recently as January has been dampened by the unexpectedly large fall in U.S. prices paid for beef and the continuing disastrous drought in much of the country's beef producing areas.

Both the BAE and the AMLC expected cattle prices to rise in 1981 whereas they have in fact fallen by about 25 per cent since November last year, including a 9 per cent fall in the March quarter.

The January 8 forecast for a 15 per cent rise in 1981 cattle prices was based on the expectation that the drought in northern and eastern Australia would break and that the U.S. demand for Australian beef would remain high.

The failure to forecast the market decline stemmed largely from the unexpected persistance of high interest rates and high pig meat slaughter in the U.S.

Demand for imported beef in the U.S. has declined substantially because the high interest rates discouraged lot feeding of cattle and forced non-fed manufacturing type beef on to the market. Increasing slaughter of pigs and competition from poultry have also dampened U.S. prices.

In recent years Australia has become increasingly dependent on the North American market. Last year Australian beef exports to the U.S. were 365,000 tonnes which was 60 per cent of total exports compared with 56 per cent in 1979 and 46 per cent in 1978.

Following the decline in the U.S. beef market the Bureau of Agricultural Economics now expects Australia's 1980-81 exports to the U.S. to be 510,000 tonnes a 12 per cent drop on last year.

Australia is expecting little change in market conditions for the June quarter but hopes that prices might firm later this year as non-fed beef slaughter declines in the U.S. and less pig meat comes on to the American market.

However it is worrying time time for Australian beef producers, most of whom would be turning off cattle for slaughter at this time of year before winter sets in.

The continued drought will also force many producers to sell cattle rather than try to hold on to them until the second half of the year when U.S. prices may firm.

Mr Andrew Robb, the cattle council of Australia's executive director confirmed at a recent annual meeting in Canberra that the market failure had come at a critical time for the Australian beef industry.

He said the combined influence of drought, reduced slaughterings and badly depressed market prices would result in gross value of production from cattle in 1980-81 being much lower than last year.

The BAE had hoped that a return to normal seasonal conditions during the summer would lead to herd rebuilding during 1981. But with continued drought and profitable alternatives to beef, especially crops, it now appears that there will be negligible herd rebuilding in Australia this year. Cattle numbers in March 1981 were 25.6m head compared with 25.3m last year and a peak herd of 33.5m in 1976.

Mr Robb said the industry still viewed "with concern" the U.S. countercyclical meat import law which came into operation in January last year.

The formula used to determine access to the U.S. market of imported beef is dependent on both the level and rate of change in U.S. beef production from year to year.

As Mr Peter Nixon, the minister for Primary Industry, told the Cattle Council meeting, although the law was unlikely to be used this year because of low beef production in exporting countries, it remained a source of uncertainty for the Australian industry.

Both Mr Nixon and the cattle council itself identified the "dumping" of beef by the EEC on third country markets as one of the most serious problems for Australia's beef trade in the 1980s.

Mr Nixon said the increase of 10 per cent in the 1981-82 target prices for EEC beef agreed by the council of agricultural ministers in April would lead to higher surpluses and therefore greater exports.

Indeed, he said, the EEC could well become the world's leading beef exporter in 1981.

The EEC's exports last year at 570,000 tonnes (carcase weight equivalent) placed it second behind Australia as the world's largest beef exporter. Australia exported 950,000 tonnes.

Australia fears that attempts to reduce dependence on the north American market by expanding sales to the Middle East and South-East Asia will be frustrated by unfair competition from subsidised EEC exports.

Mr Nixon has already blamed subsidised EEC exports undercutting Australian prices for a decline in Australian beef shipments to Egypt from 36,000 tonnes in 1978 to 573 tonnes last year.

The Government is looking into the possibility of taking action against the EEC within the general agreement on tariffs and trade (GATT) and also at approaching countries surrounding the Pacific basin including the U.S., Canada and Japan to consider forming a preferential trading bloc as a counter to the EEC.

Sharp rise in world food demand predicted

WASHINGTON — World food demand will rise sharply in the next few decades because of higher incomes in third world nations, more per capital consumption in centrally planned economies and little or no decline in demand in developed nations, Mr John Mellor, director of the International Food Policy Research Institute, has predicted.

Demand for food imports will increase the most in the main oil-exporting third world countries, he said.

Mr Mellor predicted that real expenditures for food will rise by more than 6 per cent a year in such nations as Algeria, Indonesia, Iran, Iraq, Mexico, Nigeria, Saudi Arabia and Venezuela. Reuter

U.S. stockpile silver sale dilemma

BY NANCY DUNNE IN WASHINGTON

IN APPROVING the proposed sale of silver from the U.S. stockpile of strategic materials, the conservative coalition which has dominated Congress this year must choose between guns, budget cuts and vaults full of silver declared surplus by the government in 1976.

Conservatives tend to like all three, and the decision on which to sacrifice has caused much anxiety in the corridors on Capitol Hill.

According to the Federal Emergency Management Agency (FEMA), which determines stockpile "goals," the U.S. has all the silver in government and private stocks it needs. The agency says the 139.5m troy ounces it holds is superfluous, and the Reagan Administration agreeing, has asked Congress to sell off the entire amount.

Because Congress must raise nearly $1bn to make up for defence cuts ordered as part of the budget reconciliation process, the House Armed Services has approved the sale of about 75 per cent of the stockpile over the next three years—about 105.1m troy ounces of silver. In doing so, it reversed the decision of the stockpile subcommittee, which vetoed the sale on the grounds that the proceeds would not benefit the stockpile transaction fund for the purchase of new materials but would go to the Treasury.

Under current law, sale proceeds are supposed to go into the Stockpile Transaction Fund for three years. The sale can be made exempt from this law, but such a move would bring opposition from those wishing to build up the stockpile. However, choosing not to send the proceeds to the Treasury would be opposed by those who favour the silver sales to help balance the budget.

Brazil talks unsettle cocoa

By Our Commodities Editor

COCOA prices touched new 5½-year lows on the London futures market yesterday but rallied to end the day virtually unchanged. Traders were nervously awaiting the outcome of last night's scheduled meeting in Rio de Janeiro when Brazil will decide whether or not to suspend exports because of the low prices. Selling by Brazilian exporters to beat any ban has been a depressing influence selling by Nigeria and Ivory Coast. It is thought Brazil may be reluctant to face the possibility of stockpiling surplus cocoa and losing sales to its rival producing countries.

Meanwhile coffee prices held reasonably steady yesterday, after the steep decline to 5½-year lows on Tuesday. But the market remains highly unsettled.

Indonesia to cut rice imports

BY RICHARD COWPER IN JAKARTA

PROSPECTS of another excellent rice crop in Indonesia—for many years the world's largest importer of rice—is expected to reducethe country's imports of rice this year by at least 600,000 tonnes, according to an Indonesian Government expert.

If this estimate is correct—and some Western experts believe imports could be reduced by as much as 800,000 tonnes—this could well push Indonesia into second place behind South Korea, which is expected to import a record 2.2m tonnes of rice in 1981, following a disastrous domestic crop.

Mr Bustanil Arifin, head of Bulog, the state logistic agency and the organisation responsible for the purchase of both domestic and imported rice, told an Indonesian Parliamentary commission that he expected Indonesia to import less than 1.4m tonnes of rice this year compared with 2m tonnes in 1980.

Indonesia produced a record 20m tonnes last year, and with this year's crop almost harvested, the signs are that barring pest or drought later in the season, Indonesia should be able to equal this performance. Bulog is forecasting a crop of more that 20.2m tonnes—an estimate which experts warn may be slightly on the high side.

In South Korea, however, the position is almost the reverse. Last year it was the world's third largest rice importer, buying about 800,000 tonnes. But this year, following a disastrous domestic crop caused by unusually cold weather, Korea is expected to import more than 2m tonnes of rice to meet its needs. If this forecast is correct, Korea will become the world's largest rice importer in 1981, with Indonesia in second place.

Last year Indonesia was by far the largest importer, accounting for 17 per cent of worldwide imports.

The EEC, normally the world's second largest importer is expected to maintain its purchases at the traditional level of 900,000 tonnes.

According to the U.S. Department of Agriculture, world rice trade grew 4 per cent to 12.3m tonnes, with a further 7 per cent rise forecast to 13.2m tonnes. The U.S. expect to maintain its position of top rice exporter with exports this year up 7 per cent to 3.2m tonnes.

Farm loans network formed

By Our Commodities Staff

AGRICULTURAL Mortgage Corporation (AMC) has announced it is setting up a countrywide network of agents to give help and advice to would-be borrowers.

The agency will be comprised of branch officers of firms currently represented on AMC's panel of valuers and will offer guidance to both existing borrowers and would-be borrowers in submitting applications.

AMC's aim is for flexibility, and the scheme, AMC says, is designed to give the borrower as wide a choice of options as possible to suit his personal and farming business needs. In future, farmers will not only be able to contact AMC direct at its London headquarters, but be able to deal with the AMC agent in their local area.

BRITISH COMMODITY MARKETS

BASE METALS

Most base metals lost ground on the London Metal Exchange yesterday in quiet trading. Copper closed just above the day's low at £882, tin was barely changed at £6530, after a high of £6545, and lead was steady around the closing level of £366. Zinc was the highlight, touching £431 before renewed selling towards the close cut the price to £428. Aluminium was finally £643.5, and nickel closed at £3135.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	856.5-7	—7	858-.5	—5.25
3 months	881.5-2	—6.5	882.5-3	—5.5
Settlem't	857	—7	—	......
Cathodes				
Cash	851-3	—8.25	851-2	—5.25
3 months	872-1.5	—6.5	872-.5	—5.75
Settlem'	852	—6	—	......
U.S. Prod.			*85.5-7	......

Amalgamated Metal Trading reported that in the morning copper cash wirebars traded at £857, three months £886, 85.5, 85, 84, 84.5, 84, 83, 82.5, 82, 83, 82, 82.5, 82, 81, 81.5, 82. Cathodes: Three months £872. Kerb: Wirebars, three months £882, 82.5, 83. Afternoon: Wirebars: Three months 882.5, 83, 82.5. Kerb: Wirebars Three months £882.5, 82, 81.5. Turnover: 13,175 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	357.5-8	—3.25	359.5-60.5	+2
3 months	365-.5	+3.75	367-.5	+1
S'ment	358	—2.5	—	......
U.S. Spot	—	......	*38	......

Lead—Morning: Cash £356; three months £362, 63, 64, 64.5, 65. Kerb: Three months £364, 65, 66. Afternoon: Cash £360; three months £366, 66.5, 67, 67.5. Kerb: Three months £366.5, 66. Turnover: 9,375 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6365-80	—7.5	6400-10	+20
3 months	6505-10	......	6535-40	+18.5
Settlem't	6380	......	—	......
Standard				
Cash	6365-80	—7.5	6400-10	+20
3 months	6505-10	......	6535-40	+18.5
Settlem't	6380	......	—	......
Straits E.	‡29.36	—.3		......
New York	—	......		

Tin—Morning: Standard, three months £6510, 6500, 05. Kerb: Standard, three months £6510. Afternoon: Standard, three months £6515, 20, 30, 40, 45, 40, 36, 35. Kerb: Standard, three months £6530. Turnover: 1,035 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	424-5	+3	432-4	+11.5
3 months	422.5-3	+1.75	430-1	+9
S'ment	425	+3	—	......
Primw'ts	—	......	*46.5	......

Zinc—Morning: Cash £424; three months £421.5, 22, 23. Kerb: Three months £424, 25, 26, 27, 28, 29, 28, 27. Afternoon: Cash £433; three months £428, 28.5, 29, 29.5, 30, 29.5, 29, 29.5, 30, 30.5, 31. Kerb: Three months £430, 31, 30, 30.5, 30, 29.5, 30, 29, 28. Turnover: 10,150 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	621.5-2	—8.25	621-2	—7.5
3 months	642-3	—8.25	642-.5	—8

Aluminium—Morning: Three months £649, 48, 47, 48, 47.5, 47, 46.5, 46, 45, 44, 43, 42. Kerb: Three months £643, 44. Afternoon: Three months £644, 43.5, 44, 44.5, 44, 43.5, 43, 42.5, 42. Kerb: Three months £642, 41, 42, 43. Turnover: 8,775 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	3070-5	—15	3080-5	—22.5
3 months	3130-5	—5.5	3130-5	—20

Nickel—Morning: Cash £3080, 75; Three months £3145. Kerb: Three months 3135. Afternoon: Cash £3090, 85 three months 3135, 30. Kerb: Cash 3085; three months £3135. Turnover: 558 tonnes.

† On previous unofficial close.
* Cents per pound. ‡ M$ per kilo.

SILVER

Silver was fixed 3.35p an ounce lower for spot delivery in the London bullion market yesterday at 502.9p. U.S. equivalents of the fixing levels were: spot $10.08, down 9c; three-month $10.49, down 10.6c; six-month $10.89, down 7.7c; and 12-month $11.642, down 7.8c. The metal opened at 502-509p ($10.05-10.20) and closed at 499-506p ($9.95-10.10).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	502.90p	—3.35	503.75p	—5.25
3 months	518.65p	—3.35	519.0p	—5.5
6 months	534.95p	—2.95	—	......
12 months	568.00p	—3.00	—	......

LME—Turnover 65 (98) lots of 10,000 ozs. Morning: Cash 504; three months 522, 19. Kerbs: Three months 519. Afternoon: Three months 519. Kerbs: Untraded.

COCOA

Futures remained steady throughout a quiet day as prices traded within a narrow range to close unchanged. Producers continued to remain above current levels although there were signs of better offtake among manufacturers, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
July	790-791	—1.0	791-788
Sept.	821-822	—	825-815
Dec.	858-859	—1.0	862-856
March	890-891	—2.0	894-888
May	910-911	—	913-906
July	928-929	—1.0	930-926
Sept.	947-948	—	948-944

Sales: 1,877 (4,013) lots of 10 tonnes.

ICCO Futures—Daily price for June 16: 75.66 (76.36); five-day average

COFFEE

Despite a lower than anticipated opening, values quickly recovered from fresh contract lows on trade buying and dealer short covering, reports Drexel Burnham Lambert. A relatively steady New York performance encouraged further gains but with no follow-through support values eased to close around mid-range.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
July	770-71	—0.5	783-68
Sept.	790-93	—1.0	804-75
Nov	784-87	—2.5	800-75
Jan	785-88	+4.0	790-78
March	785-90	+5.0	790-77
May	785-95	+7.5	790-85
July	785-90	+2.2	—

Sales: 4,773 (10,498) lots of 5 tonnes.

ICO Indicator prices for June 16: (U.S. cents per pound). Comp. Daily ICA 1976 97.75 (101.17); 20-day average 107.66 (108.51).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 86 tonnes, bringing the total for the week so far to 647 tonnes. Additional supplies were sought in a number of growths, with American-type predominating. Spinners wanted further quantities of African and Middle Eastern styles.

GAS OIL FUTURES

The market closed unchanged to $1.25 higher after a day of light trading in a lucklustre market. With a quiet physical market and no real influences, trading was largely featureless, reports Premier Man.

Month	Yesterdys close	+ or —	Business Done
	$ U.S. per tonne		
June	279.00	—1.00	279.00-78.00
July	277.00	+1.25	277.00-77.25
August	279.25	+0.75	280.00-78.00
September	284.00	+0.50	284.00-85.00
October	288.50	+0.25	288.00-88.00
November	293.50	+0.25	295.50-92.25
December	298.00	+0.25	298.00-98.00
January	302.25	—0.25	—
February	306.00	—	—

Turnover: 322 (994) lots of 100 tonnes.

GRAINS

July wheat opened 15p lower and under selling pressure from shipper longs closed 80p down on the day, in active trade. New crop wheat opened 15p down, and after easing on hedge selling pressure picked up to close unchanged to 5p lower on the day in fairly good volume. Barley new crops remained about steady throughout the session, Acli reports.

WHEAT Mnth	Yesterd'ys close	+ or —	BARLEY Yesterday close	+ or —
July	114.00	—0.80	—	—
Sep.	99.55	—0.05	94.55	+0.15
Nov.	103.45	—0.05	98.35	+0.05
Jan.	107.40	—	101.90	—0.05
Mar.	111.10	—	105.20	+0.05
May.	114.70	—0.05	108.35	—0.50

Business done—Wheat: July 114.50-113.90, Sept 99.55-99.10, Nov 103.50-103.10, Jan 107.50-106.95, March 111.10-110.70, May 114.60-114.20. Sales: 285 lots of 100 tonnes. Barley: Sept 94.50-94.30, Nov 98.40-98.30, Jan 101.90 one trade, March 105.20 one trade, May 108.95-108.70. Sales: 137 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2 14 per cent June 110.75, July 110.00, Aug 109.75 transhipment East Coast sellers. U.S. Hard Winter 13½ per cent June 110.50, July 111.50, Aug 112.00 transhipment East Coast sellers. English Feed fob Sept 104.00, Oct 106.00, Nov 108.00, Dec 110.00 East Coast sellers. Maize: French June 127.50, July 128.50 transhipment East Coast sellers. Barley: English Feed fob July/Aug 96.75, East Coast, Oct 99.50 East Coast sellers. Rest unquoted.

HGCA—Locational ex-farm spot prices. Other Milling Wheat: E. Mids. 115.00. Feed Barley: E. Mids. 105.50, N. East 103.40. The UK Monetary Coefficient for the week beginning Monday, June 22, is expected to remain unchanged.

RUBBER

The London physical market opened slightly easier, with little interest throughout the day, closing uncertain. Lewis and Peat reported a fob July price for No. 1 RSS in Kuala Lumpur of 273.0 (274.5) cents a kg and SMR 20 234.5 (236.5).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
July	62.00-62.60	62.80-63.50	62.20
August	63.00-63.10	63.80-64.10	—
Jly-Sept	62.90-63.00	64.00-64.20	63.50-62.80
Oct-Dec	66.00-66.10	66.70-66.80	66.60-65.60
Jan-Mar	68.90-69.00	69.80-69.70	69.00-68.50
Apl-Jne	71.70-71.90	72.50-72.70	71.80-71.40
Jly-Sept	74.60-74.90	75.40-75.60	74.60
Oct-Dec	77.70-77.80	78.50-78.60	77.60
Jan-Mar	80.60-80.80	81.50-81.60	80.80

Sales: 254 (361) lots of 15 tonnes. 1 (4) at 5 tonnes. Physical closing prices (buyer) were: Spot 61.00p (62.00p); July 62.75p (63.00p); Aug 63.25p (63.75p).

*

GRIMSBY FISH—Supply Fair, demand Good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.50-£5.40, codlings £2.70-£3.40; large haddock £5.60-£5.90, medium £4.80-5.70, small £2.50-£3.50; medium plaice £5.00-£6.70, best small £4.00-£5.00; large skinned dogfish £6.80-£7.80, medium £4.80-£5.80; large lemon soles £9.00, medium £8.00; rockfish £3.10-£3.50; saithe £2.80-£3.00.

SOYABEAN MEAL

The market opened slightly easier on long liquidation, reports T. G. Roddick. Prices continued to drift on stop-loss orders and continuing trade selling to close £2 down.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
June	129.00-31.0	—2.75	131.50-31.50
August	127.60-27.7	—1.75	129.50-27.40
October	130.50-30.9	—1.95	132.70-30.50
December	134.70-35.3	—1.65	136.60-35.00
February	138.00-38.3	—1.35	138.50-38.00
April	138.50-39.6	—1.55	—
June	139.00-41.0	—3.00	—

Sales: 337 (133) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £200.00 (£196.00) a tonne cif June-July-August shipments. White sugar daily price £221.00 (£214.00).

The market attempted to consolidate the overnight gains but the higher levels were not held, reports C. Czarnikow.

No. 4 Con-tract	Yest'rdy's Close	Previous Close	Business Done
	£ per tonne		
Aug.	199.80-99.50	194.75-94.85	204.00-96.0
Oct.	200.00-00.52	198.00-98.25	204.75-95.5
Jan.	200.50-01.25	196.80-97.00	204.50-98.0
March	204.00-04.25	199.75-20.00	207.50-99.5
May	205.50-06.25	201.25-01.50	206.00-04.0
Aug	207.00-07.50	202.50-03.00	—
Oct.	208.00-09.00	205.50-06.00	—

Sales: 6,491 (6,314) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.6 (same) a tonne for home trade and £309.0 (£303.0) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for June 16: Daily price 15.89 (15.88); 15-day average 16.83 (same).

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. July 499.5, 501.0, 500.0-497.0; Oct 496.0, 497.0, 497.0; Dec 503.0, 504.0, 504.0-501.0; March 510.5, 511.0, 510.0-508.5; May 517.0, 520.0, 517.0-515.8; July 521.5, 525.0, 522.0-520.5; Oct 521.0, 522.0, 521.0-520.0; Dec 524.5, 525.0, untraded. Sales: 162.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kilo. Aug 391, 405, nil; Oct 388, 392, 390; Dec 392, 393, 392; Jan 393, 395, 394-393; March 401, 404, 401; May 407, 410, 407; Aug 421, 422, 421; Oct 422, 426, 424-423; Dec 424, 430, 425. Sales: 24.

POTATOES

LONDON POTATO FUTURES—The market was initially easier in line with lower physical prices, but short covering moved all values up by the close, reports Coley and Harper. Closing prices: Nov 57.50, +0.2 (high 57.50, low 57.00); Feb 66.30, +0.1 (high 66.30, low 66.10); April 73.30 +0.1 (high 73.30, low 73.00). Turnover: 31 (44) lots of 40 tonnes.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 76.0 to 79.0; Ulster hindquarters 88.0 to 94.0, forequarters 56.0 to 58.0; Eire hindquarters 87.0 to 94.0, forequarters 55.0 to 57.0. Veal: Dutch hinds and ends 125.0 to 132.0. Lamb: English, small 78.0 to 88.0, medium 76.0 to 80.0, imported frozen: New Zealand PL 67.0 to 68.0, PM 66.0 to 68.0. Pork: English, under 100 lb 47.0 to 54.0, 100-120 lb 47.0 to 52.0, 120-160 lb 46.0 to 51.0.

MEAT COMMISSION—Average Fatstock prices at representative markets on June 17. GB—Cattle, 94.73p per kg lw (−0.68). UK—Sheep, 174.98p per kg est dcw (−2.35). GB—Pigs, 78.37p per kg lw (+0.04).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported produce: Oranges—Outspan: Navels 48 4.90, 56 5.50, 72 5.35, 88 4.80, 112 4.65, 138 4.65, 150 4.20; Californian: 88/138 3.80-4.80; Jaffa: (base) Valencia Lates 56/189 4.20-4.90; Moroccan: Lates 48/113 3.30-5.00; Cyprus: Valencia Lates 66/144 3.80-4.60. Lemons—Spania: Trays 25/50 2.00-2.20, Boxes 60/100 5.00; Californian: 115/140 5.50; Italian: 100/120 4.50-4.80; Outspan: 80/100 5.00; Jaffa: Cartons 60/90 4.20-5.00. Grapefruit—Outspan: 40 4.10, 48 4.15, 56 3.90, 64 3.60, 72 3.50; Cyprus: 20-kg 40/64 4.80-5.20; Jaffa: 20-kg 36/76 3.85-4.75. Apples—South African: Granny Smith 6.20-6.80, Golden Delicious 6.00-6.50, Starking 7.20-7.80; Chilean: Granny Smith 6.00, Starking 7.50, Richareds 7.50; New Zealand: Granny Smith 6.80, Sturmer Pippins 7.00-7.20, Golden Delicious 6.00, Red Delicious 8.20; Tasmanian: Jonathans 6.80, Granny Smith 5.80, Sturmer Pippins 7.00; West Australian: Granny Slith 7.50; U.S.: Red Delicious 9.50-10.50; French: Golden Delicious 40-lb 125/175 3.80-4.80; Italian: 40-lb Romes 60/70 4.40-4.60; British Columbian: McIntosh Reds half-cartons 70/80 4.50. Pears—Belgian: Conference per pound 0.10-0.12; South African: Packhams 6.00-6.50, Nelis 5.50; Tasmanian: Packhams 40-lb 6.80-7.20; New Zealand: Packhams 8.20; Victorian: Packhams 7.80-8.50. Nectarines—Spanish: 37/45 3.80-5.00. Plums—Spanish: Rosas 3/6 2.50-5.00; Japanese: 3/5 2.00-3.00.

PRICE CHANGES

In tonnes unless otherwise stated.

	June 17 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1250/1280	—5	$1295/325
Copper			
Cash w'bar	£858.25	—5.25	£834
3 mths	£882.75	—5.5	£858.25
Cash Cathode	£851.5	—5.25	£825.5
3 mths	£872.25	—5.75	£847.75
Gold troy oz	$461.5	—1	$479
Lead Cash	£360	+2	£330.5
3 mths	£367.25	+1	£339.25
Nickel	£3,504.58	......	£3,504.80
Free mkt	275/285c	......	296/305c
Platin'mt'y oz	£247.0	......	£250
Free mkt	£221.95	—0.85	£220.20
Quicksilver†	$420/430	—5	$420/450
Silver troy oz	502.90p	—3.35	522.70p
3 mths	518.65p	—3.35	538.20p
Tin Cash	£6,405	+20	£6,110
3 mths	£6,537.5	+18.5	£6,227.5
Tungsten 22.04 lb	$145.09	+1.34	$143.75
Wolfrm 22.04 lb	$147/149	+0.50	$143/146
Zinc Cash	£433	+11.5	£397
3 mths	£430.5	+9	£405.5
Producers	$925	......	$925
Oils			
Coconut (Phil.)	$590r	......	$570
Groundnut	$605v	—35	‡
Linseed Crude	£442		£425
Palm Malayan	$625z	—15	$580
Seeds			
Copra Philip	$375r	—5	$390
Soyabean (U.S.)	$299y	......	$312
Grains			
Barley Fut. Sep	£94.55	+0.15	£95.60
Maize	£127.5	......	£126
Wheat Fut. Sept	£99.55	—0.05	£101.85
No2 Hard Wint	£110.50	—0.75	£106.25
Other commodities			
Cocoa ship't*	£892	+10	£997
Future Sept	£821.5	......	£896.5
Coffee Ft' Sept	£791.5	—1	£996.5
Cotton A.Index	87.50c	......	87.80c
Gas oil July	$277	—1.25	$279.5
Rubber (kilo)	61p	—1	65.5p
Sugar (Raw)	£200r	+4	£173
Woolt'ps 64s kl.	559p kilo	......	537p kilo

‡ Unquoted. v June-July. w July-Aug. y July. z Aug. † Per 76-lb flask. * Ghana cocoa.

AMERICAN MARKETS

NEW YORK, June 17.

RETURN of the strikers in the El Teniente mine put pressure on the copper market. Cotton prices sold off on profit taking following good advances in recent days. Follow-through selling by commission houses and dealers in coffee resulted in lower closes. Heating oil has been under pressure due to continued technical selling. Grains and soyabeans came under heavy selling due an improvement in weather, reported by Heinold.

Copper—June 77.95 (78.65), July 78.35-78.40 (79.15), Aug. 79.60, Sept. 80.80-80.85, Dec. 84.25-84.30, Jan. 85.30, March 87.35, May 89.40, July 91.45, Sept. 93.50, Dec. 96.60, Jan. 97.65, March 99.75.

Potatoes (round whites)—Nov. 74.6 (73.5), Feb. 82.0-84.0 (81.0), March 85.7, April 97.0-97.3. Sales: 503.

¶Silver—June 1013.6 (1012.2), July 1016.0-1020.0 (1018.0), Aug. 1032.0, Sept. 1048.0-1047.0, Dec. 1084.0-1086.0, Jan. 1098.9, March 1124.7, May 1150.5, July 1176.3, Sept. 1202.1, Dec. 1241.3, Jan. 1254.2, March 1280.0. Handy and Harman bullion spot: 1001.00 (1015.00).

Sugar—No. 11: July 16.25-16.31 (16.12), Sept. 16.50-16.52 (16.30), Oct. 16.57-16.60, Jan. 16.70, March 17.00-17.02, May 17.15-17.20, July 17.40, Sept. 17.50-17.52, Oct. 17.60. Sales: 9,350.

Tin—585.00-590.00 (582.00-595.00).

CHICAGO, June 17.

Lard—Chicago loose 19.75 same).

†Soyabeans—July 726-724 (735½), Aug. 732-731, Sept. 739½-740, Nov. 753-752, Jan. 771½-770½, March 791½-792, May 808-809, July 819.

Pork Bellies—July 53.30-52.90 (53.35), Aug. 53.40-53.30 (53.27), Feb. 70.30-69.85, March 70.65-70.30, May 71.00, July 72.00, Aug. 71.90.

Live Cattle—June 69.45-69.65 (69.80), Aug 68.20-68.25 (67.90), Oct 65.55-65.45, Dec 66.20-66.10, Feb 67.05-67.10, April 67.90, June 69.10.

Live ogs—June 51.70 (50.90), July 54.65-54.50 (54.12), Aug 55.65-55.80, Oct 54.25-53.90, Dec 56.25-56.20, Feb 7.32, April 54.80, June 57.75, July 57.65.

‡‡Maize—July 345-344½ (348), Sept 353-353¼ (356), Dec 359½-359¼, March 372½, May 379¾, July 384.

‖Soyabean Meal—July 207.5-207.8 (210.4), Aug. 209.3-209.4 (212.1), Sept. 211.8, Oct. 213.0, Dec. 218.5-218.2, Jan. 221.5, March 226.5, May 231.5-232.0, July 234.0-234.5, Aug. 234.0-234.5.

Soyabean Oil—July 22.60-22.57 (22.89), Aug. 23.03-23.01 (23.33), Sept. 23.45-23.41, Oct. 23.80-23.75, Dec. 24.46-24.44, Jan. 24.80, March 25.20-25.25, May 25.70, July 26.15, Aug. 26.15-26.20.

†Wheat—July 402¾-402½ (404½), Sept. 422-421½ (423¼), Dec. 447¼-447, March 468¾, May 479½, July 486.

WINNIPEG, June 17.

§Barley—July 142.50-143.00 (145.50), Oct. 139.60 (140.10), Dec. 139.80, March 141.00, May 142.70.

§Wheat—SCWRS 13.5 per cent protein content cif St Lawrence 249.87 (same).

*Platinum—June 443.3 (444.8), July 44.0-446.0 (446.0), Aug nil, Oct 463.0-464.0, Jan 480.3, April 497.8, July 514.8.

*Gold—June 461.0-461.5 (463.5), July 463.4 (466.8), Aug 468.0-469.5, Oct 479.5-481.0, Dec 490.0-492.0, Feb 503.0-504.0, April 513.0, June 526.8, Aug 538.7, Oct 550.6, Dec 562.6, Feb 547.7, April 586.9.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton.

Tuesday's closing prices

NEW YORK, June 16.

††Cocoa—July 1403 (1421), Sept 1487 (1514), Dec 1590, March 1676, May 1731, July 1786, Sept 1841. Sales: 2,364.

Coffee—"C" Contract: July 93.20-93.30 (101.05), Sept 97.47 (101.47), Dec 94.70, March 94.50, May 94.30, July 91.68, Sept 92.65. Sales: 914.

Cotton—No. 2: July 84.25-84.40 (83.15), Aug 82.60-82.70 (82.00), Oct 80.00, May 81.35-81.50, July 82.50-82.60, Oct 81.60-81.90, Dec 80.00-81.00. Sales: 4,500.

Heating oil (cents per U.S. gallon)—July 0.9080 (0.9114), Aug 0.9155 (0.9164), Sept 0.9253, Oct 0.9378, Nov 0.9500, Dec 0.9639, Jan 0.9760, Feb 0.9872, March 0.9950, April 1.0025, May 1.0050, June nil, July 0.9875, Aug 0.9975. Turnover: 2,646.

Orange Juice—July 133.70-133.90 (132.50), Sept 136.50-136.90 (135.25), Nov 138.70-139.00, Jan 140.90, March 142.50-142.70, May 143.90-144.30, July 145.30-146.00, Sept 146.70-147.50, Nov 148.10-148.50. Sales: 1,100.

CHICAGO, June 16.

Chicago 1mm Gold—June 463.5 (462.0), July 464.9 (465.0), Sept 478.8-478.0, Oct 484.1, Dec 495.0, Jan 501.1, March 512.6, April 518.4, June 529.9.

NEW ORLEANS—Milled Rice Futures (cents per cwt of U.S. No. 2 long grain): Sept 2398 (2395), Nov 2300 (2308), Jan 2343, March 2375, May 2408.

EUROPEAN MARKETS

ROTTERDAM, June 17.

Wheat—(U.S. $ per tonne): U.S. Two Dark Hard Winter 13.5 per cent June 204, July 207, Aug 209, Sept 211. U.S. No. Two Red Winter June 154, July 157.50, Aug 162. U.S. No. Two Northern Spring 14 per cent June/July 202.50, July 201, Aug 199.50, Sept 201, Oct 206, Nov 210.

Maize—(U.S. $ per tonne): U.S. No. Three Corn Yellow afloat 158.50, June/July 156, Aug 159, Sept 161, Oct/Dec 165.60, Jan/March 174.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports July 293, Aug 294.50, Sept 298, Oct 301, Nov 301.50, Dec 308, Jan 313, Feb 318, March 322, April 326, May 329. Argentine June/July 286.50, Aug 290.50, Sept 294 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent protein U.S. afloat June 250, July 252, Aug 254, Sept 257, Oct 262, July/Sept 256, Nov/March 272 sellers. Brazil Pellets afloat 255, June 254, July 258, Aug 261, Sept 268 sellers.

PARIS, June 17.

Cocoa—(FFr per 100 kilos). July 885-895, Sept 925-942, Dec 971-988, March 1030-1035, May 1050-1060, July 1070-1080. Sales at call: Nil.

Sugar—(FFr per tonne): Aug 2370-2374, Oct 2325-2330, Nov 2330-23.40, Dec 2320/2345, March 2406-2425, May 2415-2465, July 2420-2480, Aug 2430-2490. Sales at call: 6.

INDICES

FINANCIAL TIMES

June 16	June 15	Month ago	Year ago
249.35	251.41	252.55	264.31

(Base: July 1, 1952=100).

MOODY'S

June 16	June 15	Month ago	Year ago
1084.8	1088.6	1081.1	1127.8

(December [illegible])

DOW JONES

Dow Jones	June 16	June 15	Month ago	Year ago
Spot	382.78	381.30	389.43	427.64
Fut'r s	382.21	383.66	395.43	438.87

(Average 1924-25-26=100).

REUTERS

June 17	June 16	M'nth ago	Year ago
1747.7	1747.8	1686.8	1666.5

(Base: September 18, 1931=100)

Equity interest restricted by elusive BP cash call and leaders drift lower—Gilts also lose ground

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
June 1	June 11	June 12	June 22
June 15	June 25	June 26	July 6
June 29	July 9	July 10	July 20

* "New-time" dealings may take place from 9.30 am two business days earlier.

Potential investors went to ground yesterday as speculation again swept London equity markets that the elusive British Petroleum cash call on market funds was imminent; the rumours have persisted for over a week and could be confirmed this morning via a big multi-currency or Convertible offering. Routine selling in the absence of buying *interest thus forced leading* shares lower and it was left to situation issues to relieve the overall drabness.

The latest economic pointers were largely ignored. Similarly, little discussion was generated about yesterday's Cabinet meeting reviewing the Government's economic strategy. Trading statements brought individual firm features, notably **Tesco** and **Dawson International**, but market attention dwelt on BP and talk, later confirmed, of a reorganisation of the stocks dealt in by the main jobbing firms.

By the close, BP were 8 down at 348p, although selling was described as light. Other constituents of the FT Industrial Ordinary share index rarely ended more than four pence easier but, significantly, none was able to record a gain. Only 1.3 off at the 11.00 am calculation, the index moved progressively easier to end 6.6 down at the session's lowest of 544.8.

U.S. interest rate uncertainties again influenced the Gilt-edged market. Some optimists were beginning to show impatience over the slow pace of expected falls in Prime rates and routine offerings found buyers none too keen. The possibility of new Government funding tomorrow was another inhibiting factor. Business was generally slow at both ends of the market with the shorts most vulnerable but closing only ¼ lower in places.

The lack of activity in the underlying securities was reflected in Traded options where only 686 deals were arranged—the lowest total since the first of the month. BP, however, remained relatively active, recording 257 trades, 201 of which were puts.

Midland Bank dull

Tuesday's newcomer to the unlisted securities market, **Microfilm Reprographics**, drew investment attention and rose 3 to 69p compared with the placing price of 51p.

Outstanding of late on U.S. bid hopes, the major clearing banks drifted lower yesterday on profit-taking. **Midland** were particularly dull, falling 13 to 335p, with technical considerations helping to accentuate the decline. **Barclays** eased 6 to 422p, **NatWest** 4 to 378p and **Lloyds** a couple of pence to 378p. Elsewhere, **Standard Chartered** gave up 20 to 655p and **Royal Bank of Scotland** relinquished 4 to 182p as did **Grindlays**, to 194p. Good recently on an investment recommendation, **FNFC** continued firmly on demand ahead of Tuesday's interim figures; the ordinary rose 3 to 32p and the 9½ per cent **Convertible 1982** jumped 10 points to £135. **Trade Development** rose $5 to 33¼; the price in yesterday's issue was incorrect.

Composite Insurances succumbed to profit-taking after recent strength on bid hopes in the wake of Allianz's recent acquisition of a 28.1 per cent stake in Eagle Star. The latter gave up 3 to 283p, **Commercial Union** relinquished 5 to 160p, while **General Accident**, 322p, and **Phoenix**, 282p, lost 6 apiece. **GRE** also shed 6, to 314p, and **Royals** declined 10 to 382p. Life issues, after the previous day's gains, closed with falls ranging to 6.

Regional Breweries continued to make headway. **Mansfield** were marked 4 dearer at 218p, while **Border** added a couple of pence to 92p. **Belhaven** gained the turn to 42p

The Building sector passed a quiet and uneventful trading session. Leading issues to ease a few pence included **Blue Circle**, 470p, and **Tarmac**, 368p. Following the preliminary results, **Beechwood** gave up a penny to 23p, while **Phoenix Timber** shed 2 to 128p after the recent bout of speculative interest. On the other hand, occasional support lifted **A. Monk** 2 to 45p.

Among Chemicals, **ICI** turned quietly dull and gave up 4 to 288p, but **Fisons** hardened 3 more to 155p. **Novo Ind. "B"** turned reactionary after recent strength and lost 10½ to £111½.

Bakers please

Leading Stores generally trended easier for want of attention, although **House of Fraser** remained a firm market at 172p, up 2. In contrast, secondary issues displayed some useful gains. **Bakers Household** rose 10 to 158p, after 160p, following the near-32 per cent increase in first-half earnings, while good support was also forthcoming for **I. J. Dewhirst**, 7 better at 80p. Press comment lifted **Fortnum and Mason** 30 to 800p in a thin market, but recent high-flyer **J. T. Parrish** succumbed to profit-taking and fell to 185p.

Electrical leaders *put on an* uninspiring performance with quotations drifting lower in the absence of buying interest. **GEC** gave up 7 to 673p and **Plessey** 4 to 316p. Elsewhere, **MK Electric** hardened 3 more to 230p following comment on the preliminary results. **Bowthorpe** found support at 180p, up 6, while **Quest Automation** continued to make progress with a rise of 10 to 235p.

Scattered offerings and lack of support made for dullness in the Engineering leaders, **GKN** easing 4 to 154p and **Hawker** a similar amount to 322p, while **John Brown** closed 3½ cheaper at 90p. Elsewhere, overnight support lifted **Whessoe** 7 to 112p. **Staveley** edged up 4 to 260p and **Mining Supplies** 3 to 171p, but revived selling left **Chemring** 5 lower at 250p. **Brooke Tool** reacted 3 to 47½p on the reduced interim dividend and profits.

A good second-half performance took **Tesco's** annual profits well above market expectations and the close was 4 to the good at 65p. Other Food Retailers drew strength in sympathy, notably **Nurdin and Peacock**, 8 up at 248p. **Alpine Soft Drinks** continued to benefit from the excellent full-year results and the capital proposals and put on 8 for a two-day gain of 14 to 146p; fellow soft drink manufacturers **A. G. Barr** rose 4 to 229p. **British Vending** stood out among smaller-priced issues, rising 2½ to 20p.

Johnson Mathey up

Already showing an improvement of 8 ahead of the results, **Johnson Mathey** finished 15 better at a 1981 peak of 285p on the near-27 per cent dividend increase and the 18 per cent rise in pre-tax profits. Elsewhere in miscellaneous industrials, **Camrex** touched 54p before closing 4 up at 48p on the bid approach from Hawley Leisure, which already owns an 18 per cent stake in the former; **Dufay Bitumastic**, in *which Camrex has a 29 per cent* interest, advanced 4 in sympathy to 47p, after 50p. Speculative support in a thin market prompted a further improvement of 2½ to 19p, after 23p, in **Inter-City Investment**, while **Pauls and Whites** gained 4 to 149p ahead of today's preliminary figures. **Downs Surgical** added 2 at 27p despite the poor results, while buyers became interested in **Marshall's Universal** and the close was 8 up at 80p. **Wood Hall Trust** put on 4 to 134p as did **Philip Harris**, to 74p. **European Ferries** improved a few pence to 80p and the new nil-paid advanced 4 to 50p premium. **English China Clays** cheapened a penny to 118p *awaiting today's interim results*, while **Powell Duffryn** dipped 6 to 272p. The leaders drifted lower on lack of interest. **Bowater**, 266p, **Glaxo**, 368p, and **Rank Organisation**, 188p, all fell 4.

Buyers continued to show interest in **Flight Refuelling** which rose 12 for a three-day gain of 40 at 375p. **Dowty** were also wanted at 282p, up 5.

Interest in Properties was at a low ebb and prices at the close were narrowly mixed. **MEPC** eased 3 to 225p and **Law Land** gave up a similar amount to 92p, but **Great Portland Estates** hardened 2 to 242p.

BP drift lower

Still overshadowed by new funding fears, BP drifted off to close 8 down at a 1981 low of 348p. Elsewhere in Oils, the trend was slightly easier although some of the more speculative issues encountered support helped by the granting of ten new onshore exploration licenses; **Candecca** rose 8 to 180p *and* **Carless Capel** *2 more to* 130p. **Premier** improved 3½ to 72½p in response to Press mention, while fresh support ahead of the preliminary results, due shortly, left **IC Gas** up 5 further at 198p.

An otherwise uninspired session in Textiles was enlivened by **Dawson International** which advanced 14 to 190p following the increased preliminary profits and dividend and 50 per cent scrip issue. **Stroud Riley Drummond** firmed 3 to 61p on the company's withdrawal from the battle for control of **Hield Brothers**, a fraction lower at 15p; the rival offer from Gamma Beta has been declared unconditional.

Bats dipped to 356p following the annual meeting, but buyers were seen at this level and the shares rallied to close 3 up on balance at 363p.

Paringa advance

Mining markets were generally quiet yesterday. **Paringa Mining and Exploration** featured, putting on 9 to 81p after **Apollo International Minerals** topped the 62p a share bid from **Hampton Gold Mining Areas** with an offer of 80p a share, which was rejected. Hampton gained 15 to 215p.

South African Golds were a dull market, with the bullion price, finally $1 lower at $461.50, providing no lead. The Gold Mines index fell 3.3 to 324.2.

Some of the heavyweights came under slight selling pressure, and showed **Western Deep Levels** ¾ weaker at £20⅝ and **West Driefontein** ¾ lower at £38¾. Falls of around ½ were common to **Western Holdings**, £29⅝, **Randfontein Estates**, £25½, **Hartebeestfontein**, £27½, and **St Helena**, £16¾.

Among the lower-priced issues, **Durban Deep** gave up 37 to 836p, while **Stilfontein**, 787p, and **Blyvoor**, 712p, both closed 24 cheaper.

South African Financials followed the lead of the Golds, being mostly a little easier where changed, but **Rio Tinto-Zinc** became a lively market in London Financials and gained 9 to 512p.

Elsewhere, **Minorco** lost 20 to 532p and **Patino** ½ to £25½, but **Messina** put on 10 to 320p.

In Diamonds, **Anglo American Investment Trust** gained ¾ to £44¼.

FINANCIAL TIMES STOCK INDICES

	June 17	June 16	June 15	June 12	June 11	June 10	A year ago
Government Secs...	66.67	66.70	67.16	66.08	65.83	66.19	70.39
Fixed Interest...	67.94	68.00	67.96	67.30	67.24	67.25	70.64
Industrial Ord...	544.8	551.4	547.8	535.8	536.2	542.3	473.1
Gold Mines...	324.2	327.5	344.8	347.2	341.0	335.7	331.4
Ord. Div. Yield...	5.91	5.84	5.88	6.01	6.01	5.94	7.59
Earnings, Yld. %(full)	11.76	11.62	11.70	11.96	11.96	11.81	18.27
P/E Ratio (net) (*)...	10.61	10.74	10.66	10.45	10.44	10.57	6.66
Total bargains...	18,104	19,522	21,000	19,818	19,068	19,103	28,475
Equity turnover £m.	—	157.13	172.80	167.54	147.25	223.39	120.85
Equity bargains...	—	15,849	14,995	16,865	14,947	14,410	16,962

10 am 549.1. 11 am 550.1. Noon 549.3. 1 pm 547.1. 2 pm 546.4. 3 pm 545.6.

Latest Index 01-246 8026.

*Nil=9.81.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (20/3)	64.94 (5/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int...	72.01 (20/3)	67.17 (8/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind.Ord...	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	421.1 (6/1)	281.4 (28/1)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	June 16	June 15
Daily		
Gilt Edged Bargains...	168.1	191.6
Equities Bargains...	102.7	97.2
Value...	317.8	348.2
5-day Avrge.		
Gilt Edged Bargains...	171.6	189.2
Equities Bargains...	99.5	99.8
Value...	350.9	340.7

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (64)

AMERICANS (4)
BANKS (5)
BEERS (5)
DRAPERY & STORES (3)
ELECTRICALS (1)
ENGINEERING (1)
FOODS (4)
INDUSTRIALS (16)
INSURANCE (4)
MOTORS (3)
SHOES (1)
TEXTILES (5)
TRUSTS (9)
OVERSEAS TRADERS (3)

NEW LOWS (23)

BRITISH FUNDS (4)
Exchqr. 10¼pc '95 Treas. 13¼pc 1997
Treas. 14pc 1996 Treas. 11¾pc '03-07
AMERICANS (2)
Honeywell Louisiana Land
BEERS (1)
Guinness
ELECTRICALS (1)
Vitatron N-V
INDUSTRIALS (1)
Letraset
TRUSTS (1)
Westpool
OIL & GAS (5)
Applan Energy Royal Dutch
Atlantic Res. Texaco 4¾pc Cnv.
Gulfstream Res. Can.
MINES (8)
West Rand F S. Geduld
Bracken Unisel
Marievale Middle Wits.
S. African Land Canada Northwest

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds...	5	39	51
Corpns. Dom. and Foreign Bonds...	5	15	49
Industrials...	194	220	954
Financial & Props.	71	132	292
Oils...	18	25	46
Plantations...	—	2	21
Mines...	31	56	81
Others...	35	70	80
Totals...	359	559	1,574

LEADERS AND LAGGARDS

Percentage changes since December 31 1980 based on Tuesday June 16 1981.

Contracting, Construction...	+38.42	Insurance (Composite)...	+15.54
Packaging and Paper...	+31.78	Merchant Banks...	+14.06
Other Industrial Materials...	+31.71	Office Equipment...	+13.55
Tobaccos...	+31.47	Electricals...	+12.55
Hire Purchase...	+31.31	Food Retailing...	+12.16
Textiles...	+31.18	Financial Group...	+11.42
Health and Household Products	+27.76	Motors...	+11.14
Other Consumer...	+26.48	Investment Trusts...	+10.44
Mechanical Engineering...	+24.94	All-Share Index...	+ 9.62
Brewers and Distillers...	+23.54	Stores...	+ 9.34
Food Manufacturing...	+23.42	500 Share Index...	+ 9.29
Insurance Brokers...	+23.32	Banks...	+ 8.81
Leisure...	+23.29	Mining Finance...	+ 7.64
Engineering Contractors...	+22.86	Property...	+ 6.37
Building Materials...	+22.84	Overseas Traders...	+ 5.79
Capital Goods...	+20.30	Other Groups...	+ 4.68
Consumer Group...	+20.01	Shipping and Transport...	+ 2.49
Newspapers, Publishing...	+19.01	Chemicals...	− 2.31
Metals and Metal Forming...	+18.65	Discount Houses...	− 3.45
Industrial Group...	+17.91	Oils...	−19.03
Insurance (Life)...	+15.60	Gold Mines Index...	−19.63

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Alpine Soft Drinks...	146	+ 8	ICI...	288	− 4
BP...	348	− 8	Midland Bank...	335	−13
Camrex...	48	+ 4	Paringa...	81	+ 9
Dawson International	190	+14	RTZ...	512	+ 9
Euro. Ferries New...	50pm	+ 4	Standard Chartered...	655	−20
FNFC 9½% Cnv. '82	£135	+10	Tesco...	65	+ 4

TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Tues.'s closing price pence	Day's change	Stock	No. of price changes	Tues.'s closing price pence	Day's change
Microfilm Rep.	14	66	—	Westland...	12	134	− 3
Barclays Bank	13	428	+ 8	First Nat. Fin.	11	29	+ 1½
Shell Transport	13	358	+10	Unilever...	11	590	+10
BP...	12	356	+ 6	Beecham...	10	217	—
Imp Cont Gas	12	193	+15	ICI...	10	292	+ 4
Polly Peck...	12	338	+12	Nat. West. Bk.	10	382	+14
Wstrn. Mining	12	300	−12	Stand. Chart.	10	675	+10

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
June 8	June 19	Sept. 10	Sept. 21
June 22	July 3	Sept. 24	Oct. 5
July 6	July 17	Oct. 8	Oct. 19

Share Information Service

For rate indications see end of

Options were quiet. Calls were taken out in Harris and Sheldon, Premier Oil, Singlo, FNFC, Charterhall, BP, Town and City Properties, Woodhall Trust and Hongkong Telephone. No puts were reported, but doubles were arranged in FNFC and Town and City Properties.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Wed., June 17, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Tues. June 16 Index No.	Mon. June 15 Index No.	Fri. June 12 Index No.	Thur. June 11 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (214)	344.24	−0.4	10.81	4.52	11.42	345.76	342.14	336.74	337.41	251.40
2	Building Materials (25)	300.64	−0.6	13.99	5.78	8.65	302.39	298.32	294.14	292.17	249.24
3	Contracting, Construction (28)	558.28	−0.3	16.61	5.05	7.05	559.80	550.93	545.85	546.18	369.83
4	Electricals (28)	1070.79	−0.6	8.09	2.41	15.37	1077.54	1069.90	1053.56	1056.29	664.27
5	Engineering Contractors (11)	489.47	+0.2	12.26	5.51	9.82	488.34	483.60	478.66	481.78	303.70
6	Mechanical Engineering (70)	213.34	−0.5	13.27	5.69	9.40	214.33	212.21	208.55	209.56	168.41
8	Metals and Metal Forming (13)	164.13	+0.7	9.60	7.26	13.57	162.96	160.51	157.66	159.11	166.45
9	Motors (21)	102.60	+0.1	4.77	7.03	53.25	102.46	102.52	100.11	99.80	102.38
10	Other Industrial Materials (18)	376.16	−0.6	10.11	5.30	11.85	378.56	372.21	364.92	366.30	0.00
21	CONSUMER GROUP (195)	284.39	−0.5	12.57	5.62	9.69	285.79	283.52	278.85	278.94	233.51
22	Brewers and Distillers (20)	321.64	−1.1	14.31	5.99	8.31	325.16	323.30	318.81	317.13	293.39
25	Food Manufacturing (21)	259.27	−0.5	15.04	6.37	8.00	260.52	256.91	253.49	253.86	203.40
26	Food Retailing (14)	527.48	+1.1	9.45	3.34	12.57	521.90	515.86	511.35	513.88	330.94
27	Health and Household Products (7)	333.55	−1.1	8.30	4.39	14.35	337.38	336.38	326.76	326.14	217.87
29	Leisure (22)	428.09	−0.5	11.80	5.13	10.28	430.31	425.38	417.01	418.55	338.25
32	Newspapers, Publishing (12)	508.61	+0.6	11.56	5.58	12.26	505.70	506.58	499.97	502.61	439.26
33	Packaging and Paper (13)	150.12	−0.6	13.33	7.10	8.92	150.97	150.01	147.34	148.01	135.09
34	Stores (44)	268.39	−0.6	10.67	4.92	12.30	270.04	267.89	264.52	264.82	229.86
35	Textiles (23)	164.29	+0.4	8.15	5.52	16.45	163.56	161.75	158.10	158.01	132.78
36	Tobaccos (3)	262.45	—	22.03	9.46	5.21	262.43	262.94	255.33	255.34	225.66
39	Other Consumer (16)	302.28	+0.4	9.98	6.29	13.75	301.21	293.30	291.84	292.14	0.00
41	OTHER GROUPS (79)	230.34	−0.3	13.28	6.60	9.16	230.92	228.13	224.95	224.94	217.85
42	Chemicals (15)	287.52	−0.9	11.32	7.22	11.04	290.27	286.92	280.68	277.10	317.43
44	Office Equipment (6)	116.55	+1.1	15.83	7.18	7.45	115.28	114.17	112.89	112.82	110.44
45	Shipping and Transport (13)	553.44	+0.5	15.69	6.86	7.65	550.89	550.07	544.66	558.47	542.53
46	Miscellaneous (45)	298.90	−0.1	13.95	5.65	8.64	299.09	293.94	291.84	293.41	262.78
49	INDUSTRIAL GROUP (488)	297.50	−0.4	12.01	5.34	10.19	298.82	296.01	291.30	291.56	240.90
51	Oils (12)	741.73	−1.3	24.03	7.58	4.61	751.86	735.97	730.07	738.35	820.89
59	500 SHARE INDEX	333.32	−0.6	14.03	5.71	8.47	335.31	331.49	326.66	327.52	286.66
61	FINANCIAL GROUP (118)	258.39	−1.2	—	5.65	—	261.56	258.65	253.97	252.72	219.71
62	Banks (6)	264.45	−1.6	34.67	6.86	3.36	268.62	262.75	256.37	254.87	243.90
63	Discount Houses (10)	280.22	—	—	8.05	—	280.22	274.04	273.13	274.14	266.23
64	Hire Purchase (3)	256.39	−1.0	12.78	7.09	10.95	259.07	247.56	247.56	248.43	217.13
65	Insurance (Life) (10)	262.52	−1.6	—	5.76	—	266.76	263.09	256.71	255.18	203.03
66	Insurance (Composite) (9)	166.76	−2.0	—	7.64	—	170.13	169.25	166.64	164.41	143.90
67	Insurance Brokers (8)	387.15	−1.8	11.53	6.00	11.77	394.09	397.57	391.70	387.52	316.98
68	Merchant Banks (13)	168.88	−0.1	—	4.82	—	169.05	166.06	164.83	164.72	119.79
69	Property (49)	472.86	−0.1	3.75	2.92	36.74	473.39	470.41	462.69	463.87	410.09
70	Miscellaneous (10)	178.76	−2.0	17.80	5.79	6.83	182.36	180.23	177.66	177.08	134.95
71	Investment Trusts (109)	310.03	−0.4	—	5.08	—	311.32	309.11	305.33	305.31	237.38
81	Mining Finance (3)	246.33	+0.4	13.91	5.45	8.42	245.36	247.06	243.08	243.17	196.96
91	Overseas Traders (20)	452.80	−0.1	11.10	6.57	11.27	453.19	448.83	449.52	451.12	393.52
99	ALL-SHARE INDEX (750)	317.97	−0.7	—	5.67	—	320.07	316.69	312.02	312.36	270.39

FIXED INTEREST

	PRICE INDICES	Wed. June 17	Day's change %	Tues. June 16	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	107.69	−0.13	107.83	—	5.01
2	5-15 years	106.54	−0.04	106.58	—	5.97
3	Over 15 years	108.75	−0.11	108.87	—	7.07
4	Irredeemables	120.43	—	120.43	—	6.46
5	All stocks	107.34	−0.09	107.44	—	5.96
6	Debentures & Loans	83.97	+0.07	83.91	—	5.28
7	Preference	63.42	—	63.42	—	3.43

	AVERAGE GROSS REDEMPTION YIELDS		Wed. June 17	Tues. June 16	Year ago (approx.)
	British Government				
1	Low	5 years	12.29	12.25	11.69
2	Coupons	15 years	12.67	12.66	11.69
3		25 years	12.83	12.79	11.69
4	Medium	5 years	14.07	14.01	13.02
5	Coupons	15 years	14.56	14.55	13.10
6		25 years	14.15	14.12	13.08
7	High	5 years	14.13	14.07	13.14
8	Coupons	15 years	14.76	14.74	13.45
9		25 years	14.39	14.37	13.47
10	Irredeemables †		12.26	12.26	11.08
11	Debs & Loans	5 years	15.22	15.27	14.22
12		15 years	15.27	15.27	14.15
13		25 years	15.31	15.27	14.08
14	Preference †		15.67	15.67	15.36

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

RECENT ISSUES

EQUITIES

Issue Price p†	Amount Paid Up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing Price p†	+ or −	Div. P. or Amount	Times Covered	Gross Yield	P.E. Ratio
—	F.P.	—	£27	£21½	Allegheny Int. Inc.	£24¾	−1¾	Q$1.40	—	2.7	—
35	F.P.	22/7	37	30	Allied Residential 10p	35	......	b2.46	2.0	10.0	7.3
Ir£0.58	F.P.	19/6	40	34	✠Bula Resources	34	−2	—	—	—	—
85	F.P.	24/6	140	105	✠Business Comp Syst	123	......	u1.0	6.7	1.2	18.1
475	F.P.	10/7	500	462	Energy Res. & Services	475	......	—	—	—	—
10	F.P.	27/5	14	13	F'st Charlotte Ast Tst	13	......	—	—	—	—
100	F.P.	22/5	111	102	G.T.GlobalRec.InvTst	105	......	—	—	—	—
‖	F.P.	—	62	50	✠Harvey & Thompson	50	......	g2.24	1.1	6.4	19.7
¶91	F.P.	5/6	96	80	✠Intasun	80	......	g2.8	4.3	5.0	5.8
$12	F.P.	—	640	610	Mexico Fund	610	−15	—	—	—	—
51	F.P.	—	69	61	✠M'film R'prograph.	69	+3	b2.5	1.4	5.2	18.9
100	F.P.	24/7	107	98	Murray Technology	102	......	—	—	—	—
‡44	F.P.	30/6	58	44	✠Selec TV	44	......	—	—	—	—
25	F.P.	29/5	25	20	Stone Platt Cnv Cm Pf	21	......	—	—	—	—
880	F.P.	14/7	91	85	✠United Ceramic Dist	89	......	b4.2	1.9	6.7	10.2

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Am. Glh. Tst.	61.8	64.5	-0.8	2.18
Abbey Capital	50.7	54.0	.....	4.01
Abbey General	59.7	64.5	-0.1	4.76
Abbey Gilt & F.I. Tst.	101.6	106.9	-0.6	12.25
Abbey Income	39.1	42.3	+0.1	8.30
Abbey W'w.Bd.Tst.	94.0	99.5	+0.9	6.73
Abbey Inv. Ts. Fd.	53.8	58.2	.....	4.12
Equitas Prog. Tst.	84.8	91.7	-0.2	4.46

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	83.4	88.2	.....	12.95

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	94.6	101.2	-0.7	5.53
Brit. Inds. Fund	80.4	86.0	-0.2	5.93
Growth & Income	55.0	58.9	-0.2	4.74
Elect. & Ind. Dev.	47.7	51.0	+0.1	4.90
Allied Capital	102.6	109.8	-0.2	4.01
Hambro Fund	138.7	148.4	-0.2	5.40
Hambro Acc. Fund	194.7	208.3	-0.6	3.94
Income Funds				
High Yield Fd.	71.8	76.8	-0.3	7.87
High Income	85.8	91.8	+0.1	6.97
Equity Income Fd.	49.5	53.0	.....	6.91
Govt. Secs.	24.3	24.9	-0.1	12.45
International Funds				
International	39.2	41.9	+0.1	1.98
Japan Fund	30.0	32.1	+0.4	0.20
Pacific Fund	80.8	86.5	+0.8	0.72
Secs. Of America	86.3	92.3	-0.8	1.79
Specialist Funds				
Smaller Co.'s Fd.	60.7	65.0	+0.2	4.00
2nd Smlr. Co's Fd.	75.1	80.4	+0.2	3.73
Recovery	29.5	31.6	+0.1	2.46
Met. Min. & C'dty.	68.2	73.0	-0.3	5.03

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	37.7	41.2	.....	11.03
North American	71.2	76.9	-1.1	2.21
Canadian Exempt*	76.9	81.3	.....	2.84
Canadian Trust	71.2	76.9	+0.1	2.30
Mid Mount High Inc.*	50.3	53.2	.....	9.05
Recovery	60.2	65.7	+1.1	6.54
Gilt Trust	41.2	43.1	-0.2	13.43

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	48.0	51.8	-0.4	0.48
Cres. Internat'l.	93.2	100.6	+0.3	1.55
Cres. High. Dist.	45.5	49.1	.....	9.67
Cres. Reserves	53.3	57.5	-0.6	5.11
Cres. Tokyo	40.7	43.9	+0.4	0.36

Barlington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	23.7	25.1	.....	8.31

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU. 01-638 4485

Disc. Inc. June 12	252.0	268.8	.....	4.94

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	19.9	22.0	.....	7.48
Gt. Winchester O'seas	30.5	33.8	.....	2.98

For Emson and Dudley see Robert Fraser Tst. Mgmt.

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	195.8	200.8	-0.5	4.29

Fidelity International Management Ltd.
62-63 Queen St, London EC4 1AD 01-248 4891

American (z)	44.5	47.9	-1.1	0.47
Amer. Spec. Sits. (z)	32.3	34.8	-0.5	0.13
Gilt + Fixed Int.	23.7	24.9	-0.1	12.85
Growth + Income	35.2	37.9	+0.1	6.84
Maximum Inc. Eq. Tst.	30.5	32.9	+0.1	7.96
Special Sits.	43.6	46.9	.....	1.62

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	42.8	46.0	-0.7	1.71

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

141	115	S. Rhod. 2½pc Non-Ass.	136	......	—	—
59	43	Do. 3½pc 80-85 Asstd	53	+1	6.72	21.20
40	26	Do. 4½pc 87-92 Asstd.	37	......	12.69	18.80
395	333	Zimbabwe Ann (£100pa)	375	......	—	21.77

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

12⅝	10⅞	Royal Bk. Can. $1	11⅞	+⅛	$1.60	—
26⅛	23¼	Seagram Co. C$1	26⅛	+⅛	US$1.40	—
14	11¼	Tor. Dom. Bk. $1.	12⅞	+1/16	$1.60	—
10¼	750p	Trans Can. Pipe...	10¼	−⅛	$1.16	—

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

هكذا من الأصل

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
40	32	Acmex 50c	40	......	Q2.5c	—	3.7
41	14	ACM 20c	38	+2	—	—	—
21	14	Argosy Gold NL 25c	17	......	—	—	—
226	137	Bond Corp.	214	......	Q7½c	1.9	2.0
104	76	Bougainville I Kina.	99	......	Q25.7c	1.0	14.8
302	214	CRA 50c	272	......	Q19c	1.7	4.0
25	16	Canada Northwest	16	−1	—	—	—
35	16	Carr Boyd 20c	21	......	—	—	—
415	80	Central Pacific	98	−2	—	—	—
[illegible]							

Tins

[illegible]

Copper

[illegible]

Miscellaneous

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
[illegible]							
55	40	Barymin	47	−1	—	—	—
25½	14	Burma Mines 10p	22	......	0.75	0.9	4.9
330	180	Colby Res. Corp.	250	......	—	—	—
275	200	Cons. Murch. 10c.	260	......	†Q30c	1.8	6.6
98	70	††Hemerdon 10c.	70	......	—	—	—
180	135	Highwood Res.	140	−5	—	—	—
400	300	Northgate C$1	335	−10	—	—	—
580	372	R.T.Z.	512	+9	16.0	3.2	4.5
£125	£93½	[illegible]	£114	+3	Q9½%	—	f9.2
143	110	††SPO Minerals 10p	110#	......	—	—	—
47	32	Sabina Inds. C$1	32	−1	—	—	—
44	28	††SWCM 10p	35	−1	—	—	—
550	465	Tara Exptn. $1	530	+10	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- φ Figures or report awaited.
- ✱ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ** Regional price.
- || No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ★★ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

[illegible]

OPTIONS

3-month Call Rates

Stock	Rate	Stock	Rate	Stock	Rate
[illegible]		[illegible]		Land Secs.	37
Boots	20	"Lofs"	4½	MEPC	20
Bowaters	24	London Brick	7	Peachey	15
Brit. Aerospace	17	Lucas Inds.	18	Samuel Props.	13
B.A.T.	25	"Mams"	20	Town & City	2¾
Brown (J.)	9	Mrks. & Spncr	11		
Burton Ord.	14	Midland Bank	26	**Oils**	
Cadburys	7½	N.E.I.	8	Brit. Petroleum	33
Courtaulds	7	Nat. West. Bank	32	Burmah Oil	16
Debenhams	10	P & O Dfd.	12	Charterhall	8
Distillers	17	Plessey	28	KCA	22
Dunlop	8½	Racal Elect.	34	Premier	7½
Eagle Star	25	R.H.M.	5	Shell	32
F.N.F.C.	3	Rank Org. Ord.	18	Tricentrol	30
Gen. Accident	30	Reed Intnl.	25	Ultramar	44
Gen. Electric	60	Sears	5		
Glaxo	28	Tesco	5½		
Grand Met.	18	Thorn EMI	30	**Mines**	
G.U.S. 'A'	44	Trust Houses	15	Charter Cons.	21
Guardian	30	Tube Invest.	18	Cons. Gold	45
G.K.N.	15	Turner & Newall.	10	Lonrho	9
Hawker Sidd.	25	Unilever	50	Rio T. Zinc	45

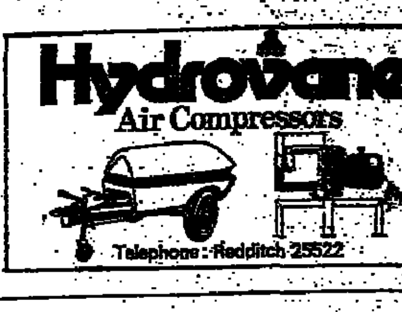
A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES

Thursday June 18 1981



Jobbers rationalise markets

BY CHRISTINE MOIR

THE NUMBER of jobbers dealing in the shares of more than 100 companies quoted on the London Stock Exchange has been significantly reduced as a result of an unprecedented agreement among the five leading firms.

There will now be only two jobbers making prices in all but the largest companies, in at least three sectors — shipping, building and foods.

The jobbers claim that their decision, announced jointly yesterday, was made because they could see no profitability for their individual firms in certain stocks.

The shares of 142 companies are involved, but with some jobbers picking up stocks abandoned by their competitors only 107 companies will have fewer jobbers dealing in their shares.

Although most of the stocks are smaller companies where there is not a high volume of trade, others include Alcan, GKN, P & O, Delta, Associated Biscuits, Rowntree Mackintosh and Rio Tinto-Zinc.

Each of these companies will now only be covered by two jobbers.

Webb Durlacher is pulling out of mining finance, involving the shares of 20 companies. Smith Brothers has taken on two of these but has pulled out of the building sector where it previously dealt in 20 companies.

Akroyd has left shipping and transport—closing 39 books. Pinchin Denny has taken on 11 of these stocks but has dropped 36 food companis, only three of which are to be taken over by Akroyd.

The moves do not require the consent of the Stock Exchange Council but it has been kept informed of the moves. Mr Nicholas Goodison, chairman of the exchange, said yesterday that he was satisfied the market would still be competitive.

The Stock Exchange continually reviews the number of market makers in each stock and last year Mr. Goodison said he thought three jobbers were adequate to ensure competitiveness in leading equities. But he added that if the market became inadequately competitive, the council would have to consider changing the trading system.

He agreed yesterday with the jobbers' argument that competitiveness could even be enhanced if there were two strong jobbers in a stock, rather than three weak ones unable to take risks or big positions because of lack of profitability.

Mr Michael Sargent, the Akroyd partner acting as spokesman for the jobbers, said that he hoped users would not notice the difference and would find it "as easy to trade as before".

However, he admitted that the move was "a direct result of the fairly dramatic shift in balance between the private investor and institutional fund managers."

The tendency of the institutions—which dominate the market—to trade in big amounts which they held on a long-term basis had reduced the two-way traffic.

Iran speeds process to remove Bani-Sadr

By Terry Povey in Tehran

IRAN'S PRESIDENT Abolhassan Bani-Sadr is to face impeachment proceedings on Saturday under procedures agreed yesterday by the country's national parliament.

In a move to accelerate the removal of the President, yesterday's debate to settle the technicalities of an impeachment process was followed immediately by a specific proposal to impeach Mr Bani-Sadr.

The impeachment debate will conclude with a vote on the political competence of the President. If it goes against him, as expected, parliament will ask Ayatollah Khomeini, Iran's spiritual leader, to dismiss him.

Yesterday's day-long debate over procedure was theoretically aimed only at clarifying the constitution. In the event it was punctuated by a number of personal attacks on the President. A minority of deputies even attempted to exclude both him and his supporters from participating in Saturday's impeachment proceedings.

"Do we have to hear the Bani-Sadrites? We have seen their actions throughout the year and we have no more time to waste," was how one angry deputy put it.

However, the form of the impeachment process finally agreed yesterday reflected the majority's clear desire for a full and constitutional "trial by parliament" with the President and his supporters being given five hours, the same as their opponents, to present their arguments.

It remained unclear whether Mr Bani-Sadr would attend Saturday's proceedings.

The President has not been seen in public for a week, since being sacked as the Commander-in-Chief of the Armed Forces.

Almost all the minority of members who usually side with the President were absent from yesterday's session, indicating that they had decided to boycott Saturday's debate.

Should Mr Bani-Sadr not appear on Saturday, there appears to be no procedural reason why he cannot be impeached in absentia.

An overwhelming majority of Iran's clergy-dominated parliament appears determined to finish this matter as quickly as possible.

Today and tomorrow are religious holidays.

Editorial Comment, Page 22

THE LEX COLUMN

Tesco's short term boost

Tesco has gone for higher profitability by sacrificing market share, producing a much better performance in the second half. After falling by a third in the first six months, pre-tax profits in the subsequent half have risen by about 20 per cent, adjusting for the extra week. So—at £35.6m—the company's forecast of a year ago of higher profits has been missed by only £0.9m, considerably less than had been feared earlier.

Whereas turnover was up by 24 per cent in the first half, the increase has been reined back to 11 per cent in the second. About 5 percentage points of this comes from new stores, leaving a question mark over volume in existing stores after adjusting for inflation. In its smaller stores Tesco has been pulling out of its non-food business, and instead boosting sales of its higher margin fresh foods. Quite apart from an edging up in prices, gross margins have benefited from a reduction —technically termed consolidation—in the range of goods on offer.

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At the same time the company has been attacking costs. Second-half advertising expenditure has been cut by £1m, while staff numbers have been reduced by 5½ per cent in spite of a jump of a tenth in selling area. So there has been a sharp improvement in labour productivity.

By the February year-end property deals brought the level of debt back down to the levels of 12 months earlier, helped by about £30m from a reduction in stocks and higher creditors.

Index fell 6.6 to 544.8

But with a store-opening programme this year again costing £110m or so, debt is set to take off again, although the interest charge may be a bit lower than last year's £15.7m.

While there may be relief on the interest charge, the expansion programme will again put trading margins under pressure. Meantime it will be impossible to repeat last year's one-off improvements—and some of the short-term benefits may have been achieved at the cost of longer-term growth. Already volume is proving a source of disappointment. The outcome for the year may be no better than £40m. The shares rose a cautious 4p yesterday to 65p, where the yield is 5.7 per cent. Current cost cover is nearly three times, and Tesco remains a recovery prospect. But not this year.

Jobbers

The rationalistion of the London jobbing system continues apace. In what seems to be an unprecedented move, the five leading jobbing firms have decided between themselves to reshape their business in UK equities. As a result, the shares in over 100 companies will be dealt in by one less jobbing firm. In the majority of these cases, which include some very well known companies, only two firms will be making a market in the shares.

From the users' point of view, this apparent reduction in competition need not be bad news. In reality, the jobbers were not making a proper market in many of the shares in question. By releasing their capital from areas where they cannot make money, they should be able to provide a better service to customers in other parts of their business. Provided the firms in question are financially strong, there is no reason why just two firms should not provide a competitive service in a particular share—as happened in the brewing sector for years.

Of course it all looks like a good old carve up. But the jobbers could not just unilaterally abandon particular stocks without undermining the whole market place. There had to be some give and take.

It is not clear why all this has happened now, rather than years ago. Profits from trading in domestic equities have picked up since the time three years ago when the senior partners seemed to be indicating that the business was on the skids. Perhaps the firms have decided that if they cannot make money in today's conditions, they never will.

The fact remains that the more concentrated the source of business becomes in the hands of the investing institutions, the more difficult it is to make a highly competitive market. It is not a healthy sign that firms cannot get a sufficiently steady flow of business in the shares of a company like United Biscuits to make a good profit. In 1950, there were 187 jobbing firms. Today, there are 17.

Dawson International

Dawson International has scored a sixth successive year of growth with a 13 per cent rise in pre-tax profits to £20.7m. Margins have just about been maintained, after a 14 per cent rise in sales, despite the currency pressures on exports worth £54m.

Ballantyne and Mackinnon, the two recent acquisitions, should this year make some impression on overall profits following the swift elimination of surplus spinning capacity. Meantime the worst of last year's shake-out in the bulk textile market now seems to be over if the firmness within the past few weeks of polyester filament yarn and acrylic fibre prices is any guide. The contribution from Haggas has nevertheless held up well at just under £3m, or a fall of about 8 per cent.

Group profits this year may reach £23m which would indicate a fully taxed and diluted p/e of 9.8 after a 14p rise yesterday to a new high of 190p.

ABF to spend £30m on plants

By Gareth Griffiths

ASSOCIATED BRITISH FOODS yesterday announced its largest ever single investment project. It is to spend £30m on three grain processing and handling plants.

The company will build a £15m flour mill and a £10m starch process plant in Corby, Northants. They will provide about 110 jobs in a town badly hit by the closure of a large British steel plant. ABF is also negotiating with several East Anglian ports, including Ipswich, over the site of a £5m grain handling export depot which will provide between 20 and 30 jobs.

Mr Gary Weston, chairman of ABF, said yesterday that the programme was backing Britain's farmers and that the new inland flour mill would help keep down the cost of bread. The mill would be designed to make the maximum use of home grown wheat.

Earlier this week, ABF, which includes Allied Mills and Fine Fare, reported pre-tax profits of nearly £115m.

Work on the flour mill at Corby will start next month. It is expected to be in operation in 18 months when ABF's five-year agreement to buy in flour from Spillers, now part of Dalgety, expires. The mill will have about 2 per cent of total national capacity and will supply bakeries in the Midlands, cutting ABF's distribution costs.

The starch factory at Corby is expected to be in production by next spring. It is being developed as a joint venture with Raisio Factories of Finland which is supplying the technology and will have a 25 per cent stake in the venture.

The plant will produce wheat gluten and starch which is used in baking bread and breakfast cereals. It will enable more British wheat to be used in baking. ABF estimates that the plant will cut imports of North American wheat by about 100,000 tonnes a year.

The grain terminal on the coast will be operated by ABF's International Grain Handling subsidiary. It is expected to handle up to 500,000 tonnes of home grown grain a year for export, supplied by farms in East Anglia and the South-east.

'Crisis' aid for French industry

BY TERRY DODSWORTH IN PARIS

THE French Government yesterday announced special measures to shield the economy from the worst effects of high interest rates and the recession.

The Cabinet approved a programme which includes:

- Additional "soft loans" to encourage industrial investment.
- A crisis fund to help basically-sound companies with temporary financing difficulties.
- A wide-ranging reorganisation of the machine tool industry.
- Increased spending on job creation for school-leavers.

The industrial finance plans augment the incoming Socialist administration's measures to stimulate industrial expansion.

Because investment is being choked off by the rise in the cost of credit, the Government believes the additional "soft" loan facilities will enable companies to respond to the expected increase in demand.

Finance for the loans and crisis fund will be raised by a FFr 4bn (£358m) government bond, probably floated on the international market, although this could not be confirmed yesterday.

The Government's efforts to reduce the impact of high credit costs indicate the problems it faces in its attempt to stimulate the economy, while defending the franc through raising domestic interest rates.

The cost of bank borrowings for industrial customers now stands at between 18 and 23 per cent. Equity finance also has virtually dried up because of the collapse of the Bourse.

In the attempt to sidestep these financing problems, the Government is to increase the subsidised cheap long-term loan funds normally available to industry from FFr 13bn to FFr 17bn. This will be distributed mainly by Credit National, the para-State financial organisation, at 7 to 15 year rate of between 17.75 and 14.75 per cent.

The lower rate, applicable to FFr 6.5bn worth of loans, will be directed particularly towards high-priority activities selected by the Government, including job creation and saving, exports and energy-saving investments.

The crisis fund will inject short-term finance of up to about 18 months into companies running into acute difficulties. Companies selected by regional advisory bodies each will be able to draw up to FFr 500,000 from the fund.

Sectors in particular difficulties include the paper industry and textiles, along with machine tools, which was selected for special mention by President Mitterrand yesterday.

On youth unemployment, the Government is to step up the programme of company aid and training projects first introduced in 1977.

Finance for these projects, aimed at providing jobs for 650,000 school-leavers in the autumn, will be raised from FFr 4bn to FFr 6bn.

Real income shows first fall in two years

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE REAL take-home pay of the average worker is falling for the first time since the General Election two years ago.

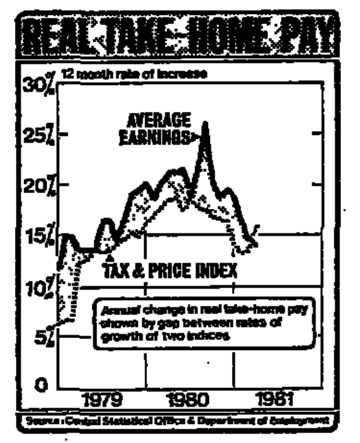
Department of Employment figures yesterday show that the average earnings index rose by 14 per cent in the year to April, compared with 15.7 per cent in the tax and price index in the same period. March figures were 14.5 and 13.4 per cent respectively.

The tax and price index shows the rise in pre-tax earnings needed by the average wage-earner to maintain the real (inflation-adjusted) value of take-home pay.

The gap between the annual rates of growth of the two indices shows the extent of the squeeze in real take-home pay.

This is in marked contrast to the rise in real earnings and in consumption so far in the recession.

The Prime Minister indicated on Tuesday that a squeeze on real incomes must continue if the rate of price inflation was to be further reduced.



The crossover of the growth rates of the two indices partly reflects the halving of the level of wage rises in the present pay round.

The main immediate reason has been the sharp rise in the personal tax burden from April onward as a result of the increase in national insurance contributions and failure to raise income tax allowances and thresholds.

The latest figures highlight the slowing in the rate of earnings growth.

The rise in the index of 14 per cent, in the year to April, to 199.6 (January 1976=100) compares with a 12-month rate of well over 20 per cent last autumn.

This rate should continue to decline in the rest of the pay round, though there could be a slight offsetting effect from any increase in overtime and reduction of short-time working.

The amount of overtime was 8.83m hours per week in April, roughly the same as earlier in the year. Short-time working seems to be falling, since the 5.67m hours lost weekly in April compares with 6.78m in March and 8.45m in January.

The monthly increase in average earnings remains near ¾ per cent, less than half the level of a year ago, suggesting a current rate of growth of about 10 per cent a year.

Civil Servants reject all-out strike, Page 10

Weather

UK TODAY

MAINLY dry and warmer, with less wind but some rain in the north.

London, E and SE England, E. Anglia.
Cloudy with sunny intervals. Max 18C.

S. and S.W. England, E. and W. Midlands, S. Wales, Channel Isles.
Dry with sunny intervals. Max 18C.

N., N.E. and N.W. England, N. Wales, Lake District, Isle of Man.
Mainly dry, cloudy with sunny intervals. Max 17C.

Borders, Edinburgh and Dundee, Aberdeen, NE Scotland, Moray Firth, Orkney, Shetland.
Dry at first with rain later. Max 16C.

Glasgow, Highlands, S.W. and N.W. Scotland, Argyll, N. Ireland.
Rain at first, becoming drier and brighter. Max 17C.

Outlook: Becoming warmer, mostly dry, some rain in the north.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	26	79	L. Ang.†	F	26	79
Algiers	S	29	84	Luxmbg.	F	9	48
Amsdm.	F	14	57	Luxor	S	36	97
Athens	S	25	77	Madrid	S	35	95
Bahrain		—	—	Majorca	S	31	88
Barclna.	F	26	79	Malaga	S	26	79
Beirut	S	26	79	Malta	S	28	82
Belfast	C	11	52	Mchstr.	C	13	55
Belgrd.	S	30	86	Melbne.		—	—
Berlin	C	13	55	Mx. C.†		—	—
Biarritz	S	21	70	Miami†	S	27	81
Bmghm.	R	11	52	Milan	C	24	75
Blackpl.	C	14	57	Montrl.†	C	18	64
Bordx.	F	21	70	Moscow	C	21	70
Boulgn.	C	14	57	Munich	F	14	57
Bristol	C	15	59	Nairobi		—	—
Brussels	C	13	55	Naples	C	26	79
Budpst.	S	20	68	Nassau		—	—
Cairo		—	—	Nwcstl	C	13	55
Cardiff	C	13	55	N York†	S	26	79
Casbca.	S	25	77	Nice	C	25	77
Cape T.		—	—	Nicosia	F	26	79
Chicg.†	S	15	59	Oporto	S	31	88
Cologne	T	10	50	Oslo	C	16	61
Cophgn.	R	15	59	Paris	C	15	59
Corfu	S	28	82	Perth		—	—
Denver†	F	18	64	Prague	C	15	59
Dublin	C	14	57	Rykjvk.	R	7	45
Dbrvnk.	S	26	79	Rhodes	S	27	81
Ednbgh.	F	15	59	Rio J'o†		—	—
Faro	S	30	86	Rome	F	29	84
Florence	F	31	88	Salzbrg.	C	16	61
Frankft.	T	14	57	S'cisco†	F	11	52
Funchal	S	22	72	S. Mritz.		—	—
Geneva	F	19	66	Singapr.		—	—
Gibrltr.	S	24	75	S'tiago†		—	—
Glasgow.	F	16	61	Stckhm.	C	14	57
G'msey	C	14	57	Strasbg.	C	18	64
Helsinki	R	11	52	Sydney		—	—
H. Kong		—	—	Tangier	F	23	73
Innsbrk.	C	19	66	Tel Aviv	S	25	77
Invrnss.	R	14	57	Tenerife	S	25	77
I.o.Man	C	13	55	Tokyo		—	—
Istanbul	S	23	73	Tornto.†	S	15	59
Jersey	F	16	61	Tunis	S	32	90
Jo'burg		—	—	Valencia	S	29	84
L. Plms.	F	24	75	Venice	F	25	77
Lisbon	S	32	90	Vienna	C	20	68
Locarno	F	23	73	Warsaw		—	—
London	C	14	57	Zurich	C	15	59

C—Cloudy. F—Fair. R—Rain. S—Sunny. T—Thunder.
† Noon GMT temperatures.

Continued from Page 1

Tankers

nearly 14m deadweight tons, or 111 ships, nearly half represented by the UK fleet.

BP's initial sales this year have brought its tanker fleet down from over 4m dwt to about 3.5m. "We've been chartering our ships out at rates that don't even pay their way," said Mr Ilian.

Exxon, the world's biggest oil company, said last night that it had no plans to sell any of its tanker fleet, around 140 ships totalling 17.5m dwt.

Continued from Page 1

Railway electrification

For this reason, the Think Tank was asked to examine the assumptions behind BR's claims that the investment would produce a real return.

The Think Tank concluded that some assumptions were over-optimistic.

Lynton McLain writes: British Rail called on the Government in March to increase the investment ceiling for the railways by 85.3 per cent to an annual average of £567m a year for the rest of the decade.

It wanted the Government to support a substantial programme of main-line electrification, costing about £36m a year to 1990.

This would almost be sufficinet to pay for the largest option for increasing the length of electrified track, which would cost a total of £775m over 20 years.

The present investment ceiling for British Rail is £306m. It wanted to use the extra £261m each year for a range of investment projects, including a rolling programme for more than double the amount of rail track electrified.

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Ministers

take place each year.

Such a concession is regarded as highly significant by ministerial critical of the Treasury who have complained that too many decisions are, in effect, taken by a very small group of ministers before any discussion by the full Cabinet.

There was no open criticism of Mrs Thatcher's hardline speech at the Confederation of British Industry's annual dinner on Tuesday. But, some ministers privately thought she had deliberately pre-empted any attempt to soften Government strategy.

CBI calls for laws to end closed shop

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

TOUGH LABOUR legistlation which would gradually outlaw the closed shop and introduce a measure of legal enforcability for disputes procedures are to be called for by the Confederation of British Industry.

In addition, the CBI wants trade union immunities removed where industrial action is taken for political reasons and where it involves secondary disputes.

This was decided yesterday by CBI's council when it debated its response to the Government's Green Paper on trade union immunities.

It represents a strengthening of the CBI's position, and partially reflects the growing influence of small businessmen who forced through a tougher policy yesterday than had been intended, on the closed shop.

The proposals will be sent to Mr Jim Prior, Employment Secretary, and will be published in detail at the weekend.

"There is a wide general dissatisfaction over the present imbalance of law on industrial relations and a feeling that it should be strengthened," said Sir Ray Pennock, CBI president, after yesterday's meeting.

However, CBI members have not been able to agree about how quickly new laws should be introduced. Some want the Government to push fresh legislation through Parliament before the next general election. Others believe that a slower programme should be adopted to reduce the risk of consequential industrial unrest.

SIR CAMPBELL FRASER, chairman of Dunlop Holdings, will be the next president of the Confederation of British Industry. He will succeed Sir Ray Pennock next spring. Profile, Page 8; Men and Matters, Page 22; Murray attacks Green Paper, Page 10

Because of this, the CBI will call this weekend for quick legislation on only a few measures. They will include outlawing the inclusion of closed shop provisions in public sector contracts and subcontracts and the removal of trade union immunities from industrial action which is not directly linked with an industrial dispute.

Further restrictions on closed shops would follow, as would some form of legal enforceability of disputes procedures. The CBI's proposal on this is different from the legally binding agreements introduced ten years ago by the last Conservative Government.

It wants trade union immunities restricted so that an employer could take workers to court when they stage industrial action before a dispute's procedure had been exhausted.

- The CBI council yesterday decided to urge the Government to stop linking Civil Service pensions to the rate of inflation. It also decided that index linking should not spread to the private sector because of the high costs involved.

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